

Here are the news clips for RPEA



MEMORANDUM

July 9, 2018

TO: RPEA

FROM: Marketplace Communications

RE: Daily Media Clips

Following are today's news clips:

DATE	PUBLICATION	TITLE & LINK	AUTHOR
07/08/2018	The Sacramento Bee	What's with all the talk of California taxes? Do the math – it's pension costs <a href="https://www.sacbee.com/opinion/california-forum/article214312229.html">https://www.sacbee.com/opinion/california-forum/article214312229.html</a>	Dan Walters
07/07/2018	Marin Independent Journal	Editorial: County pay pact raises questions about costs <a href="http://www.marinij.com/opinion/20180707/editorial-county-pay-pact-raises-questions-about-costs">http://www.marinij.com/opinion/20180707/editorial-county-pay-pact-raises-questions-about-costs</a>	Editor
07/06/2018	Lodi News-Sentinel	Herald Fire borrows \$460,000 to end CalPERS contract <a href="https://www.lodinews.com/news/article_97243a06-80e9-11e8-8c9f-ob133458f88b.html">https://www.lodinews.com/news/article_97243a06-80e9-11e8-8c9f-ob133458f88b.html</a>	John Bays
07/09/2018	The Daily Californian	Joint resolution passes state Assembly, aims to increase Social Security benefits for public sector employees <a href="http://www.dailycal.org/2018/07/09/joint-resolution-passes-state-assembly-aims-increase-social-security-benefits-public-sector-employees/">http://www.dailycal.org/2018/07/09/joint-resolution-passes-state-assembly-aims-increase-social-security-benefits-public-sector-employees/</a>	Suryan Bhatia

# What's with all the talk of California taxes? Do the math – it's pension costs

BY DAN WALTERS

*CALmatters*

July 08, 2018 12:01 AM

Updated July 08, 2018 12:01 AM

California's economy may be booming, but throughout the state, local governments – including school districts – are feeling the financial pinch and asking their voters to approve new taxes of one kind or another.

There were 111 local tax measures on the June primary election ballot, the vast majority of which passed, according to municipal finance guru Michael Coleman of [CaliforniaCityFinance.com](http://CaliforniaCityFinance.com).

**'THE CAUSE OF THIS, POINT-BLANK, IS CALPERS AND OUR PENSION FUND, AND I HAVE SPENT AT LEAST TWO YEARS OF MY LIFE FIGHTING WITH CALPERS,' LODI COUNCILWOMAN JOANNE MOUNCE SAID.**

Dozens more – sales taxes, parcel taxes, marijuana taxes, utility taxes and hotel taxes – are being planned for the Nov. 6 general election.

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So why are so many local entities feeling strapped?

Local officials will tell you, if you don't quote them by name, that it's mostly because their mandatory payments into the state's two big pension funds are soaring.

The California Public Employees Retirement System (CalPERS) and the California State Teachers Retirement System (CalSTRS) lost tens of billions of dollars during the recession a decade ago and have never fully recovered.

CalPERS has steadily and sharply increased financial demands from cities, counties and school districts for their civil service workers while the Legislature and Gov. Jerry Brown cranked up contributions to CalSTRS from school systems to cover teacher pensions.

However, while seeking more money from their voters to cover their ever-increasing retirement costs, local officials have been very reluctant to say it's for pensions, fearing backlash at the polls. Rather, on the advice of high-priced "consultants," they promise the new taxes will enhance such popular services as police and fire protection and parks.

We can expect more such propaganda this fall, leading up to the election.

One example is in Sacramento, whose mayor, Darrell Steinberg, wants his voters to reauthorize a half-cent sales tax that will soon expire and to add another half-cent.

In a recent speech, he called his proposal "a real game changer" that would finance affordable housing, shelters and services for the homeless, job training in low-income communities and small-business incentives.

However, simple arithmetic tells us otherwise. The additional half-cent of sales tax would generate less than \$40 million a year, city budget documents say, while by the city's own estimate, its mandatory payments to CalPERS are expected to increase from \$81.6 million a year to \$129 million by 2023.

To its credit, [The Sacramento Bee pointed out](#) the looming effect of the city's rising pension costs. The state's other news media should follow suit as their local officials tout the benefits of increasing taxes. Reporters can easily calculate projected pension cost increases from [CalPERS data](#) and the potential revenues from [sales tax data](#).

Meanwhile, one city just a half-hour's drive from Sacramento is doing it the right way, telling voters why it needs more money.

Lodi also will place a half-cent sales tax increase on the November ballot and its officials [are not shy about the reason](#).

Lodi City Manager Steve Schwabauer has been a leading figure in efforts to persuade CalPERS to moderate its demands, arguing that cities such as his will face insolvency unless they get relief or persuade voters to raise taxes.

Schwabauer told the city council, before it voted unanimously to ask voters for the tax hike, that without it the city will see operating deficits beginning next year.

“The cause of this, point-blank, is CalPERS and our pension fund, and I have spent at least two years of my life fighting with CalPERS,” Councilwoman JoAnne Mounce said.

Such candor may not make it easier to persuade voters, but it’s the right thing to do.

# Editorial: County pay pact raises questions about costs



County of Marin employees demonstrate during a rally at the Civic Center, May 22, 2018. (Richard Halstead - Marin Independent Journal)

POSTED: 07/07/18, 1:54 PM PDT |

The avoidance of a public employee strike at the county was likely good for both Marin taxpayers and workers.

The county and members of the Marin Association of Public Employees, the county's largest union, reached an agreement giving workers a three-year contract amounting to an 8 percent pay hike.

That was less than what MAPE had been demanding at the bargaining table, but in line with pay packages the county had reached with other Civic Center unions.

It pretty much mirrors the cost of living, keeping Marin wages in line with those paid for public jobs across the county.

Does it answer workers' frequent complaints that they aren't paid enough to rent or buy a home in Marin? No. Few Marin businesses can afford to match the demands of local housing costs these days.

For the county to do so would likely necessitate other budget cuts, a reduction in county services or — and we've seen an escalation of these and talks about more — increases in county taxes and fees.

So the goal of the Board of Supervisors, we assume, was to keep pay and benefits competitive with other Bay Area public agencies, enabling Marin to retain and recruit workers.

Unlike most of the private sector, the raises have nothing to do with merit. They are across-the-board raises, regardless of job performance.

They also raise questions.

How does this pay pact affect the county's efforts to reduce its long-term obligations for pensions and retiree health coverage? Both are generous — and costly. The county has already called the current equilibrium “unsustainable.”

Does this contract take steps to fix this deepening problem? Or does it make that goal more arduous? Taxpayers should receive a clear picture of the short- and long-term projections before the contract is approved.

What does this contract do to public services?

The county has already cut services and given a three-year pay pact amid a time when the rise in property tax revenue appears to be flattening. Is this contract going to drive more cutbacks, or more increases in county fees?

What does it mean for county job holders? They may now be in line for annual pay raises, but what if the growing payroll and the rising cost of pensions leads to the elimination of their jobs?

Besides, the rising cost of the county workforce has already led the county to contract with private firms in order to save money. In short, in some cases, it is more affordable to hire private-sector workers for county jobs than use county workers to perform them.

But a tentative contract was reached on the brink of a strike, strategically called by the union to hurt the county fair.

In fact, MAPE's executive director Rollie Katz said: "We're going to exercise our First Amendment rights to ask people not to go to the fair."

Such a narrow-sighted view is sad.

Yes, reducing attendance at the county's annual fair would have cost the county money. In recent years, the fair has done well financially, but it costs money to stage.

So MAPE's three-day strike could have hurt the county — or taxpayers — in the pocketbook.

MAPE apparently had lost sight of other important considerations. Many local nonprofits, which perform valuable community services, rely on the revenue they raise from the food booths and parking lots at the fair.

MAPE telling people not to attend the fair would have hurt them.

There are also dozens of kids who had been preparing for performances at the fair. The strike put them in a position of honoring the picket line or performing.

And even more local kids entered their artwork, crafts and writing in county fair sweepstakes contests. Denying them a chance to see their work on display seems a particularly heartless approach to get a pay raise.

As the first day of the strike neared, MAPE softened its tone, talking about "informational" pickets instead of a labor boycott, but the die had been cast.

Maybe it worked. It kick-started the resolution of talks that appeared to be at an impasse.

But the strategy was not a shining moment for MAPE, whose membership includes many talented and hard-working public servants. They deserved to be treated with fairness and respect.

Avoiding a strike was a good goal, one reached by the county and MAPE. But it comes with many costs, many of which remain unclear.

# Herald Fire borrows \$460,000 to end CalPERS contract

Posted: Friday, July 6, 2018 11:00 am

By **John Bays/News-Sentinel Staff Writer**

Unable to keep up with their payments, the Herald Fire Protection District Board of Directors voted unanimously on June 21 to terminate their contract with the California Public Employees' Retirement System, which manages public employee pensions.

Lindsey Liebig, president of Herald Fire's board of directors, said the final decision came after more than a year of negotiations with CalPERS failed to result in a payment plan that the fire district could afford.

"We had been working with CalPERS on an actual payment plan since we received the final evaluation in December 2017. However we had been asking for a payment plan since our initial vote to terminate in January 2016," Liebig said.

CalPERS spokeswoman Amy Morgan said in an email that fewer than 100 agencies have ended their CalPERS contracts in the 80 years that CalPERS has existed, many of them small local agencies or districts such as Herald Fire.

"CalPERS contracts with nearly 3,000 public agency, school and state employers that represent more than 1.8 million members," Morgan said. "CalPERS fully works with our contracted employers on many levels to provide them support and education about their pension costs ... Additionally, we also notify and communicate with the employers' employees when an agency may possibly terminate their contract with us, so they have information about what may impact their retirement payments."

When an agency terminates a contract with CalPERS, Morgan said, they must still make all payments required by said contract to fund pension benefits that were accrued before being released.

In order to pay the \$437,966 in termination costs, known as "determination fees," Herald Fire borrowed \$460,000 from Five Star Bank, Liebig said, that includes a 15-year payment plan.

“We are very fortunate Five Star Bank was willing to invest in our district and community because now we have the ability to accurately plan for the future of our district and the needs of our community,” Liebig said.

The loan will be re-evaluated every five years, Liebig said, and Herald Fire can pay more than the minimum amount if they choose.

“We see no effects to taxpayers. By obtaining a loan at this repayment rate we can keep services to the district intact,” Liebig said. “Had we taken the payment plan offered by CalPERS our annual payment would have doubled and we would have been forced to make staffing cuts to our stations, which would have had a direct impact on our taxpayers. We have carefully budgeted to absorb this payment so that it maintains our current staffing model, training programs and operational needs.”

Susan Shelley, vice president of communications for the Howard Jarvis Taxpayers Association, said that the costs of pensions and other post-employment benefits have been rising in California because CalPERS promised more benefits than they can deliver, which has caused government agencies such as Herald Fire to end their contracts with CalPERS rather than raise taxes.

“Budgets are being squeezed. There’s a crowd-out effect that’s causing these agencies to either cut services or raise taxes,” Shelley said. “So, without knowing too much about this particular case, it would appear that (Herald Fire) decided it would be better for taxpayers to pay the determination fee.”

Taxpayers should contact their local elected officials to ask about CalPERS costs, Shelley said, and whether it would cost them more money to stay with CalPERS or end their contracts like Herald Fire did.

**Joint resolution passes  
state Assembly, aims to  
increase Social Security  
benefits for public sector  
employees**

## Joint resolution passes state Assembly, aims to increase Social Security benefits for public sector employees



BY [SURYAN BHATIA](#) | STAFF  
LAST UPDATED 2 MINS AGO

The California State Assembly passed Assembly Joint Resolution No. 41, or AJR 41, on June 25, requesting that Congress and the president repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.

The resolution was authored by District 15 Assemblymember Tony Thurmond, D-Richmond, to ensure that California public employees — including teachers, firefighters and police officers — receive all of their Social Security benefits.

“If AJR-41 passes and the recommendation is adopted by the federal government without any further action, it appears likely that our employees would benefit from eligibility for increased Social Security benefits,” said Berkeley Unified School District, or BUSD, public information officer Charles Burress in an email.

According to a press release from Thurmond's office, more than 300,000 retirees in California have had their Social Security benefits reduced or eliminated because of these laws. The resolution adds that the state needs highly qualified personnel for government agencies, including more than 16,000 teachers each year, and that the Government Pension Offset and the Windfall Elimination Provision hinder the recruitment of these professionals.

Burress said that if the resolution becomes a law and the Government Pension Offset and the Windfall Elimination Provision are repealed, then BUSD will work with its employees to help them with the change.

The resolution has been supported by the California Retired Teachers Association, the California Teachers Association, the California Federation of Teachers and the Association of California School Administrators.

“The Government Pension Offset and the Windfall Elimination Provision collectively present a large deterrent to recruiting new public school educators upon leaving the private sector and peace officers and firefighters from other states,” Thurmond said in a press release. “These provisions should be repealed in order to address recruiting shortages in both fields and restore fairness for families depending on social security benefits upon retirement.”

According to the Social Security Administration's website, if a spouse, widow or widower is receiving a government pension and pays Social Security taxes, the Government Pension Offset reduces Social Security benefits by two-thirds of the government pension. To many receiving these benefits, if two-thirds of their government pension is more than their Social Security benefit, those benefits could be reduced to zero.

In addition, the site also states that the Windfall Elimination Provision cuts the amount a retiree can earn from Social Security based on the number of years they have worked.

“On a personal note, I hope it passes,” said Berkeley Fire Department spokesperson Keith May. “It does do good for people and helps with retirement since Social Security benefits won't be cut.”

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