

PENSION REFORM 2016

For Immediate Release:

June 4, 2015

Bipartisan California Pension Reform Initiative Filed

Voter Empowerment Act would serve as “check” on costly deals made by politicians

Sacramento, Calif. – With California government pension systems facing hundreds of billions in debt, a bipartisan group of current and former local elected officials, led by former San Jose Mayor Chuck Reed (D) and former San Diego City Councilmember Carl DeMaio (R), have filed a statewide ballot initiative to reform compensation and pension benefits of state and local government employees.

The initiative provides a “check” on state and local politicians by explicitly affirming the ability of voters to reform government employee compensation and retirement benefits. In particular, the initiative would:

- 1) Require voter approval of any defined benefit pensions for new government employees;
- 2) Require voter approval of any increase in pensions for existing government employees;
- 3) Prohibit any taxpayer subsidy of government retirement benefits in excess of 50% of the cost – unless voters expressly approve a higher contribution, and
- 4) Prohibit politicians and government agencies from delaying, impeding, or challenging any voter-approved state and local ballot measures regarding compensation and retirement benefits.

“The cost of public employee pension benefits continues to skyrocket across California, crowding out funding for important services such as police, fire, schools, and road repairs,” Reed said. “California’s politicians have chosen tax hikes and draconian service cuts to divert taxpayer money for unsustainable and indefensible government pension payouts, which is exactly why we must empower voters with this initiative to get reform done,” DeMaio said.

Joining Reed and DeMaio as proponents of the initiative are: former San Bernardino Mayor Pat Morris (D), Anaheim Mayor Tom Tait (R), former Vallejo Vice Mayor Stephanie Gomes, and Pacific Grove Mayor Bill Kampe (D). The Ventura County Taxpayers Association also participated in the effort.

Despite the state’s improving economy, public employee pension debt in California continues to explode - growing from \$6.3 billion in 2003 to \$198 billion in 2013. In addition, the state and local governments have approximately \$150 billion in unfunded liabilities for retiree health care benefits.

Contact: David Low – 408-499-8328 or Tommy Knepper – 619-933-6081

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