

January 5, 2005 Wednesday

Schwarzenegger's Pension Proposal Ignores Facts

SACRAMENTO, Calif., Jan. 5 /PRNewswire/ -- J.J. Jelincic, president of the California State Employees Association, issued the following statement today:

If reports of what Gov. Schwarzenegger will propose in today's State of the State message are correct, we are very disappointed that he has joined the right-wing's national campaign to "privatize" public employee pensions and Social Security.

Unfortunately, many of the statements we've already heard from the governor's staff, Assemblyman Keith Richman, and others about changing public employee pensions from "defined benefit" to "defined contribution" plans are just plain wrong.

For example:

- One of the governor's staff was quoted as saying that the current state employee pension system (defined benefit) is "not found in any other segment of American society." The FACT is that more than 80 percent of the companies in the Fortune 100, as well as many other state governments, have defined benefit pension plans. One state – Nebraska
- Recently switched back to a defined benefit plan after three decades of experience with a defined contribution plan.
- Proponents of privatization point to cases where retired public safety employees are able to retire at age 50 with pensions benefit equal to their full salaries. These are anomalies. The FACT is that the average pension benefit paid by CalPERS is less than \$20,000 a year for employees with nearly 20 years of service.
- The current public pension system recognizes the FACT that most public sector workers make less than individuals in the private sector who do comparable work. The average salary for a rank-and-file state employee is around \$40,000 a year. People who choose public service sacrifice immediate earning power for long-term security. The governor proposes taking away that security.
- The California Performance Review recommends that our state make every effort to attract "the best and the brightest" to state service. The FACT is that a stable, secure defined benefit pension plan is a powerful recruiting tool; many large corporations use it as such. Now is not the time to abandon it.

Unfortunately, Gov. Schwarzenegger's proposal to turn public employee pensions into stock market crapshoots should come as no surprise. On every issue involving working Californians: Raising the minimum wage for low-

income workers, maintaining workers compensation protection for those injured on the job, giving workers and their families access to health care through Proposition 72, Schwarzenegger has sided with corporate special interests and right-wing ideologues and against working people.

The 140,000 members of CSEA are united in our opposition to these proposed changes in the public employee pension system.

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