

California pension funds are running dry



New data on California public pensions from a website created by state Controller John Chiang come at a time of growing anger from taxpayers over the skyrocketing cost of public workers' retirements. (Cheryl A. Guerrero / Los Angeles Times)

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A decade ago, many of California's public pension plans had plenty of money to pay for workers' retirements.

All that has changed, according to a far-reaching package of data from the state controller. Taxpayers are now on the hook for billions of dollars more to cover the future retirements of public workers, with the bill widely varying depending on where they live.

The **City of Los Angeles Fire and Police Pension System**, for instance, had more than enough funds in 2003 to cover its estimated future bill for workers' retirement checks. A decade later, it is **short \$3 billion**.

The state's pension goliath, the **California Public Employees' Retirement System**, had \$281 billion to cover the benefits promised to 1.3 million workers and retirees in 2013. Yet it **needed** an additional **\$57 billion to meet future obligations**.

The bill at the **state teachers' pension fund** is even higher: It has an **estimated shortfall of \$70 billion**.

The new data from a website created by state Controller John Chiang come at a time of growing anger from taxpayers over the skyrocketing cost of public workers' retirements.

Until now, the bill for those government pensions was buried deep in the funds' financial reports. By making this data available, Chiang is bound to stir debate about how taxpayers can afford to make retirement more comfortable for public workers when private-sector employees' own financial futures have become less secure. For most non-government workers, fixed monthly pensions are increasingly rare.

"Somebody, who is knowledgeable and interested, is several clicks away from the ugly mess that will define California's financial future," said Dan Pellissier, president of California Pension Reform, a Sacramento-area group seeking to stem rising statewide retirement costs.

Chiang has assembled reams of data from 130 public pension plans run by the state, cities and other government agencies. It's now accessible at his website, ByTheNumbers.sco.ca.gov.

In nearly eight years as controller, essentially the state's paymaster, Chiang has made good on a commitment to make government financial records more transparent and accessible.

Chiang, who was elected last week as state treasurer, also has made it easy for consumers to search unclaimed property held by the state, such as utility deposits or forgotten bank savings accounts.

In 2010, after the city of Bell salary scandal, he started putting pay information online for elected officials and other employees in cities, counties, special government districts, higher education, schools and the judicial system. In September, he added details on the finances of the state's 58 counties and more than 450 cities, allowing taxpayers to track revenues, expenditures, liabilities, assets and fund balances.

The pension debate in recent years has been fueled by controversy.

Vernon's former city manager, for example, was receiving more than \$500,000 in annual pension payments. Most public safety workers can retire as early as 50. And some public employees had cashed out unused vacation and other perks to unjustly spike their retirement pay.

Meanwhile, cash-strapped cities are facing escalating bills. Rising pension costs contributed to bankruptcies in Stockton, San Bernardino and Vallejo.

Critics contend that governments can no longer afford to pay generous pensions to retirees that aren't available to most private-sector workers. Unions, meanwhile, have vehemently defended the status quo, saying these benefits were promised to workers for years of serving the public.

"In the months ahead, California and its local communities will continue to wrestle with how to responsibly manage the unfunded liabilities associated with providing retirement security to police, firefighters, teachers and other providers of public services," Chiang said.

"Those debates and the actions that flow from them ought to be informed by reliable data that is free of political spin or ideological bias," said Chiang.

A million items of new pension information online — covering the fiscal years 2002-03 through 2012-13 — should "empower greater citizen participation in how government handles a policy matter which is central to California's long-term prosperity," Chiang said.

Though pension lingo can be daunting, the online information being offered includes a range of easy-to-understand and more complicated data. There is even a glossary of terms to help.

Relatively proficient computer users, researchers and statisticians can use the data to compare different city and county pension systems.

The funds range from the giant California Public Employees' Retirement System to a tiny fund for the city of Pittsburg in the San Francisco Bay Area, with only about \$9,000 in assets.

In introducing his new website, Chiang pointed to trends that highlight the state's growing pension costs. Employer retirement contributions rose 36% between 2003 and 2013, while employee contributions jumped 57%.

At the same time, the number of active government workers and retirees receiving pensions rose by 10% to 3.4 million.

Labor union leaders don't share Pellissier's dire forecast, but some praised Chiang for his transparency.

"It adds some facts to the discussion," said Laphonza Butler, president of the California Council of the Service Employees International Union. "I think that can be helpful."

Terry Francke, the general counsel of Californians Aware, a Sacramento-area group that supports open government, agreed. He praised Chiang's initiatives as "a stellar model" for getting information to the public "in the most direct and painless way."

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