

A common-sense look at public pensions is needed

By Warren T. Furutani

Retirement is a time-honored American tradition. Employees pay into a retirement fund or system their entire working lives and plan their "golden years" based on what they've paid into the system, saved on the side or invested. In the wake of this recession, however, a retired person's, or about-to-be-retired person's savings and investments have taken devastating hits due to the economy.

The public pension system in California, which is the largest pension system in the country, has not been immune to these global economic woes and is struggling to meet its fiduciary duty to its members. But when the economy was roaring and the system was thriving, private-sector employees envied those with public pensions. Now during tough economic times, it seems those receiving pensions are being blamed for the problems in today's governmental budgets. I remember the adage years ago relative to the trade-offs of working for the government at any level went something like this: "You forgo a better salary for stability, benefits and a pension." I also remember that

the discussions around benefits and pensions for law enforcement and firefighters were based upon rewarding them for the life-threatening danger they faced every day. To further put pensions for "first responders" in perspective, who would have complained about them right after 9/11?

Yes, the city of Bell situation is criminal; yes, the payouts that top CEOs get from big corporations is obscene; and yes, the country's financial situation has impacted local, state and federal government to the extent that pension payouts have to be reviewed and potentially changed. But let's not overreact.

Remember, these pensions were fairly negotiated at the bargaining table, albeit during better economic times, but it was done fair and square.

So what do we do now that local governments are being weighed down with pension payments and life-long benefit packages?

As the new chair of the Committee on Public Employee Retirement and Social Security, I want to first separate urban myth from reality. I plan on holding hearings about the status cities and counties find themselves in relative to the future payments of

public employees' pensions. First, how devastating is this crisis we find ourselves in? Are there best practices in place already where government entities have successfully wrestled with the situation and have come up with solutions? With regard to the state's recent contracts with public employee unions, do they in fact reform negative pension issues or did we just "kick the can down the road" again?

Pensions are positive and something we would all want. Making sure the obligations and promises of the pensions make sense in today's reality and in the future is the challenge at hand. Let's go about resolving this issue in a common-sense and level-headed fashion. We don't need any initiatives on the ballot for or against; what we need is leadership and vision.

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