



April 23, 2010

Honorable Dennis Hollingsworth, Senate Republican Leader  
California State Senate  
State Capitol, Room 305  
Sacramento, CA 95814

RE: SB 919 – OPPOSE

Dear Senator Hollingsworth:

The Riverside Sheriffs' Association, which represents over 3,200 rank and file deputy sheriffs, deputy probation officers, law enforcement investigators and counselors, coroners and bailiffs – the entire law enforcement team in Riverside County - respectfully opposes your bill, SB 919.

While we appreciate the desire of the Governor, yourself, and others to reduce public employee costs, achieving such cost reductions unilaterally through a vehicle such as SB 919, it is inappropriate and unfair to those employees who have, in good faith, bargained for such benefits. In many cases, employees have foregone salary increases (or other benefits) to secure pension or healthcare benefits. To abrogate collective bargaining through legislation such as SB 919 undermines the stability and confidence of state government if state and local employees are to believe that contractual promises made in good faith will not be kept!

Specifically, SB 919 imposes the following benefit reductions for public employees, including public safety employees:

- Reduces the retirement formula for non-public safety employees by requiring them to work 10 years longer before being eligible for full retirement benefits at age 65.
- Requires public safety employees, including CHP, firefighters, correctional officers, and other peace officers to work 7 years longer in order to qualify for full retirement benefits at age 57.
- Changes the final compensation calculation to take into account the highest 3 years of wages instead of the highest 1 year.

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- Increases the amount that employees must contribute toward their retirement by eliminating the exemption threshold. Currently, the first \$200 to \$800 of an employee's wages is exempted from the employee's calculation for retirement contribution. This bill eliminates that exemption.

Current pension benefits for peace officers and firefighters of 3% at age 50 will be reduced to 2.7% at age 57.

SB 919 also proposes to make the following changes to the state's health benefit program:

- Provides the state with the authority to purchase health care from a provider other than CalPERS.
- Requires state employees to work for 25 years (5 years longer than current law) in order to be fully vested for retirement health care benefits.
- Reduces the state's contribution toward a retiree's health care costs from 100 percent of the average HMO cost, to about 85 percent match contributions made for currently active employees.
- Allows governmental agencies that contract with CalPERS for health benefits to negotiate a lower level of employer health care contribution for new hires.

While we have no objection to finding ways and means to reduce costs for employee healthcare, there is no evidence to support privatizing healthcare will, in fact, save costs.

In summary, breaking promises and abrogating contracts with your employees is not only unwise governance policy, it is unfair to your employees, many of whom in the public safety sector risk their lives and health to serve the public.

For these reasons, we must oppose SB 919.

Very truly yours,



Pat McNamara  
President



Timothy H. B. Yaryan  
Legislative Counsel and Advocate

cc: Senate PERS Committee  
RSA  
Governor Arnold Schwarzenegger  
Mayor Antonio Villaraigosa

latimes.com/business/la-fi-public-pensions-20100422,0,2262758.story

**latimes.com**

## **Schwarzenegger, Villaraigosa back plans to rein in pension costs**

**They say public employees' retirement packages are more generous than taxpayers can afford.**

By Evan Halper and Phil Willon, Los Angeles Times

10:01 PM PDT, April 21, 2010

Reporting from Sacramento and Los Angeles

Warning that retirement benefits for public employees are escalating out of control, Gov. Arnold Schwarzenegger and Los Angeles Mayor Antonio Villaraigosa said Wednesday that they supported controversial plans to rein in the costs.

The mayor and the governor, appearing at separate events, said the retirement packages — which allow some public employees to stop working at age 50 with a pension nearly equal to their entire salary — are more generous than taxpayers can afford.

"The single biggest threat to our fiscal health and California's future is our public pension system," Schwarzenegger said at a Capitol news conference, declaring the growing costs a "crisis."

"Here in Sacramento, pension reform must be our No. 1 priority," he said.

Earlier in the day, Villaraigosa declared in Los Angeles that the city's "pension system is no longer sustainable."

Retirement benefit costs will consume 19% of the city's general fund budget in the coming fiscal year, he said.

The mayor and the governor are advocating plans to give newly hired government workers less generous retirement packages than those currently offered. The city and the state are legally prohibited from taking existing benefits away from people already on the government payroll or receiving a pension.

Schwarzenegger said he was supporting legislation proposed by California Senate Republican Leader Dennis Hollingsworth of Murrieta that would raise the retirement age for new state workers and decrease the size of their pension payments.

Prison guards, California Highway Patrol officers and state firefighters would see the age at which they could start collecting a pension rise to 57 from 50. The amount the pensions of such public safety workers increases for each year of service would be reduced 10%.

The proposal also calls for a jump in the age at which many other state workers could start collecting a pension, to 65 from 55.

"I refuse to pass this crisis onto the next governor or the next Legislature," Schwarzenegger said.

The political viability of the Hollingsworth bill remains in doubt, however. Schwarzenegger has pushed to scale back pension benefits for much of his time in office without success.

Meantime, state pension system officials have said the administration has exaggerated the size of the problem by citing studies that don't take into account investment profits that are likely to offset the cost to taxpayers.

Organized labor groups, which have close ties to the Democrats who control the Legislature, have vowed to continue to aggressively fight the governor's efforts to roll back pension benefits.

"This is just the governor continuing to distort the actual facts on what the real situation is," said Dave Low, assistant government relations director for the California School Employees Assn. "It is our opinion that pension systems are not in dire straits."

In Los Angeles, the mayor said he would push for a November ballot measure that scales back the retirement packages available to newly hired police officers and firefighters. They are the most generous offered by the city and can be changed only with voter approval.

The mayor also said he was talking with City Council leaders about making changes for other newly hired city workers.

The city's contributions to its two largest pension systems — the Los Angeles City Employees' Retirement System and the Los Angeles Fire and Police Pensions — will increase 12% to \$730.1 million for the next fiscal year from \$653.4 million this year, according to the mayor's office.

The retirement systems were battered by major investment losses in the 2008 financial meltdown, forcing the increased contributions that taxpayers must make.

City Administrative Officer Miguel Santana said city officials were still ironing out the details of their plan to scale back benefits, which they are negotiating with labor leaders.

"We're looking at everything — having our future employees contribute more, changing the retirement age — to make it more sustainable for the long-term health of the city," Santana said.

As in Sacramento, organized labor's resistance to such proposals is expected to be intense.

When city officials earlier announced they were considering a similar plan for the June ballot, opposition from labor derailed it. Labor leaders argue that the city would not see savings from such a plan for decades, if at all.

They also warned that that creating two classes of workers — one that gets a more generous retirement package than the other — would harm worker morale and create resentment in the ranks.

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Times staff writer Marc Lifsher contributed to this report.