

Holding County Pension Funds Accountable

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“Op-Ed” – “Guest Viewpoint”

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County Pension House on Fire!

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Mendocino County employees and retirees:

In a January meeting of your Retirement Board and the County Board of Supervisors many citizens expressed concern about our County’s unfunded pension debt. The President of the Association of Retired Employees responded “...public sentiment has turned many people against us”. But that’s not the case.

It’s like we see our neighbor’s house is on fire. We yell “Neighbor - Your House is On Fire!” Neighbor says “Wow you don’t like me do you? No one who liked me would say my house is on fire!”

Really? If your house is on fire you don’t want to know about it?

Your pension house is on fire. Only a miracle can keep it from falling. It might take another decade; it might fall in the next recession. But unless something is done to squelch the fire the house will fall.

We believe older retirees needn’t worry about your pensions. Your Pension Fund has enough for you. Younger retirees and those approaching retirement should be very concerned. Middle-aged and younger employees better be really worried.

But the Retirement Board that controls your Pension Fund says “Don’t worry. We have a plan.”

Well – they had plans for the last 25 years. Each set an amount to be paid into the Fund, a “Normal” Contribution paid by the County and employees that combined with investment profits would pay your pensions. They said “give us that. It’s all we need”.

So – how’d they do?

They achieved 60% of that goal. The rest was about \$250 million of interest-bearing County debt composed of today’s unfunded pensions, remaining balance of Pension Bonds borrowed to reduce previous unfunded pensions, and amounts paid in the past – none of which was supposed to exist.

Look – we appreciate your service. We don’t like seeing your retirement security threatened. But who’s threatening it? The public has no control over your Retirement Board’s failure. You do.

You elect 4 of the 9 members of your Retirement Board from your ranks, and the two elected County officials on the Board are themselves County employees. Few of us even knew there was a Retirement Board. We do now. The fire they set caught our house on fire, too.

Only the County (which means taxpayers) has to pay extra to eliminate unfunded pensions. You have no such obligation. That’s not fair.

As of last year we were obligated to pay \$648 Million including interest (two-thirds of a Billion!) through 2040 to eliminate unfunded pensions created up until then. Through May your Retirement Board was on track to impose

another \$40 million debt as of June 30. If the next recession is “normal” your Retirement Board will expect taxpayers to pay \$ONE BILLION for a debt they said wouldn’t exist.

Eighteen years ago the County’s pension-related payments were 12% of our County’s local tax base. Today it’s 36%. What happens when it’s 50%, 65%, 80%? You think there’s not a breaking point?

County services are being destroyed. County roads are failing. County jobs and salaries for the next generation are disappearing.

The Retirement Directors you elected reduced what you paid for your pensions by setting your Normal Contribution too low. They provided \$40 million of retiree healthcare out of so-called “Excess Earnings” even though your Pension Fund was always underfunded. They shoved County payments of your unfunded pensions decades into the future so officials could hire more of you and pay higher salaries next year.

Every dime of that was paid by this huge debt imposed on the people you were sworn to serve. Along the way they broke laws, disregarded fiduciary duties, and refused to take responsibility for the damage they were doing.

We don’t think most of you knew that. We hope you would’ve been appalled if you had.

Today’s Retirement Board is behaving better than their predecessors. But they’re still imposing more debt. And they continue to refuse to tell the truth about how this debt was created.

We the People didn’t hold County officials responsible for their part in creating this debt. You didn’t hold Retirement Directors you elected accountable for imposing this debt. You are just as responsible for their wrong-doing as We the People are for our County officials’ failures.

We believe both you and we the taxpayers and residents have a moral responsibility to work together to clean up the mess our respective elected officials made.

Do you agree?

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