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To the Editor:

Although reporter Michael Fletcher's story (*New rules expose bigger funding gaps for public pensions*) suggests it's time to panic, policymakers and the general public can be confident that public pension plans are not only adequately funded at 75 percent, but are recovering nicely from the Great Recession with positive long-term investment returns. It is true that many public pension plans have suffered because of the Great Recession (as have all investors) and because many states and municipalities failed, even when the U.S. economy was booming, to make their required annual contributions to their pension plans. But no change to accounting rules will prevent sudden economic downturns or compel government officials to meet fiduciary obligations that the politics of the moment allow them to overlook. And Moody's proposal is not adjustments, but represent radical change. Moody's is applying financial economics to public sector retirement systems, after a truncated process without adequate review, applying faulty methodologies that are not appropriate for the public sector. Moody's insistence on a lower discount rate than pubic pension funds have historically achieved will make public plans appear overfunded when their investments exceed that rate, creating volatility in government and plan participant contributions. Our concern is that adding yet another set of numbers will only muddy the understanding of public pension obligations by policymakers, taxpayers, investors and the media. And in the end, playing with the numbers is tantamount to playing with the retirement security of millions of public employees whose retirement plans are healthy and getting even healthier.

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