National Conference on
Public Employee Retirement Systems
The Voice for Public Pensions

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Romy Varghese's recent article ("California Governor Candidates Dodge Pension Cuts Brown Foresees," February 7, 2018) overlooks an important point: State and local pension funds in California are net revenue generators. They impose no burden on taxpayers. In fact, dismantling public pensions by reducing promised benefits, increasing employee contributions, or changing pensions into do-it-yourself 401(k)-style retirement savings plans would be counterproductive.

Public pensions generate revenues in two ways. First, when police officer, fire fighters, teachers, and other retired public employees spend their pension checks, local economies grow. Economic growth in turn generates additional state and local revenues. Second, when pension fund assets are invested, the economy and tax revenues grow. This economic and revenue growth can be traced down to state and local levels. Our analysis shows that in 2016, state and local revenues generated due to existence of public pension funds in California exceeded taxpayer contribution to these funds by $1.7 billion.

If public pensions are dismantled or reduced, California's economy stands to suffer to the tune of $1 trillion by 2025, according to our analysis. California gubernatorial candidates have wisely not been ensnared by a web of misinformation. We are hopeful that regardless of the decision by the state supreme court on the California Rule, the future governor will preserve and enhance public pensions.

Respectfully,

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