



PROFESSIONAL ENGINEERS



IN CALIFORNIA GOVERNMENT

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DISPELLING THE MYTHS ABOUT CALIFORNIA'S PUBLIC PENSIONS \$2,000 per month...that's not much to live on

SACRAMENTO – “The average monthly pension for a CalPERS retiree is \$1,985,” CalPERS reported on July 28, 2009. CalPERS, the California Public Employees Retirement System, is responsible for managing the retirement program for 1.6 million State and local employees and retirees.

“Providing a pension of less than \$2,000 per month for public employees who dedicate their lives and careers to public service could hardly be termed excessive by any reasonable person,” said Mark Sheahan, President of Professional Engineers in California Government, which represents 13,000 State-employed engineers and related professionals. “This should dispel the myth being broadcast by those who would weaken or destroy the pensions for retired public servants.”

While it is true that about one percent of all CalPERS retirees receive a benefit of \$100,000 per year or more, CalPERS reports that “they are typically the highest paid senior executives of cities, counties (and) State universities... who worked a very long time before retiring.”

In 1999, Senate Bill 400 made some improvements to the retirement benefits. This was a result of contract negotiations between the Governor and public employee unions whose members had gone four years without a pay raise. The agreements provided improved retirement benefits in lieu of larger raises as part of a package which was overwhelmingly approved by the Legislature (105 to 7) and signed by the Governor.

The benefit increases were sponsored by CalPERS “to resolve inequities” in the system. Even with those improvements, the average pension today is less than \$2,000 per month.

Those who would destroy or weaken the pension system have made outrageous claims. The Governor has said the result has been “hundreds of billions of dollars of unfunded debt” and that the pension formulas are “unsustainable,” a claim echoed by an actuary at CalPERS. Both assertions are ridiculous and untrue.

The entire cost of the 1999 legislation increased the basic pension cost by about two percent. As a matter of fact, while employees continued to contribute five percent to nine percent of their salary to fund the pension plan, the State's contribution to the retirement plan dropped to zero by 2000-01. While the State is now again contributing money to the retirement plan due to the investment losses by CalPERS during

the economic downturn, the same actuary who claimed pension costs would become “unsustainable” has now projected that the contribution increase will only be a “manageable 0.5 to 2 percent of pay,” and that won’t occur until 2011.

“Those who would weaken or destroy the retirement plan make outrageous claims because the facts don’t support their views,” said Bruce Blanning, PECG’s Executive Director. “The average pension for a retired public employee is less than \$2,000 per month, the 1999 pension improvements were part of a negotiated labor contract because such issues belong at the bargaining table, the cost to the taxpayer dropped after those changes were made, and the investment losses due to the economic downturn will only result in pension cost increases of two percent or less, which won’t occur until 2011. It’s time to report the facts and stop misleading the public. No one with an ounce of decency would want to further cut pensions below their current average of less than \$2,000 per month.”

ABOUT PECG

PECG represents the 13,000 state-employed engineers and related professionals responsible for designing and inspecting California’s highways and bridges, ensuring that schools and hospitals are safe during earthquakes, and protecting our air, water and beaches from polluters.