

Questions and Answers about the DeMaio/Reed Pension Ballot Measure

What does the "Voter Empowerment Act" really do?

Contrary to its misleading name, this ballot measure is a sweeping attack on the retirement security of teachers, nurses, firefighters, peace officers and other public servants.

- It eliminates vested constitutional rights by repealing the "California Rule." The California Rule provides that retirement benefits promised to current employees cannot be impaired.
- It eliminates retirement security for all new public employees and restricts them to either 401k-style plans, or nothing at all unless voters approve a benefits package.
- It closes defined benefit retirement plans and prohibits paying debt or contributing funds to existing plans to pay for promised benefits, which will jeopardize the sustainability of CalPERS, CalSTRS, and other plans.

Will retirement benefits of current teachers, firefighters, police and other public employees be affected?

Absolutely. The measure allows voters to cut the retirement benefits of current employees for future work performed. It also allows voters to abrogate collectively bargained compensation, retirement and retiree health benefits.

If retirement security is eliminated for new public employees, is there a guaranteed replacement benefit?

No. The measure closes defined benefit plans to new employees (unless approved by voters) but does not guarantee any new plan. Voters could approve 401k-style plans – or no plan at all.

What happens to death and disability benefits if this measure passes?

It eliminates current death and disability benefits for new firefighters, police and other public employees because it prohibits the defined benefits on which death and disability benefits are based. In San Diego, where a similar measure was put into place, death and disability benefits have essentially been eliminated because no private plan has been found to provide them.

Would this require my benefits to be put on the ballot?

This measure requires any retirement benefit increase to be placed on the ballot. It also allows every contract for compensation, retirement or retiree health care in the state – no matter what level of government – to be challenged on the ballot. Voters could also qualify initiatives to dictate contractual terms on these issues. These elections will cost school districts, cities, counties, irrigation districts, community college districts and the state millions of dollars. The authority of locally elected officials and employees to bargain over compensation, retirement and retiree health care will be seriously undermined.

How is collective bargaining impacted by this measure?

Collective bargaining would be eviscerated. It would undermine the ability of elected officials to bargain and agree on final contracts. Voters could even develop their own proposals to be put on the ballot to change, limit or cut compensation, retirement or retiree health care!

Chuck Reed and Carl DeMaio say this measure simply gives voters a say over runaway pensions. Is this true?

This measure isn't about voting; it's a Trojan horse that first eliminates vested rights, takes away pensions and undermines retirement security for public employees, then authorizes a vote to reinstate or increase benefits.

What about pension abuse and the thousands of public employees receiving pensions over \$100,000?

Only 2% of retirees receive \$100,000 pensions and these are primarily top managers. The other 98% of retirees on average receive just \$2,784 per month (for teachers in CalSTRS it is \$3,639). This is not much to live on, particularly for the many public employees ineligible for Social Security benefits (like teachers, firefighters and police).

How much will this measure cost taxpayers to implement?

The Legislative Analysts Office (LAO) said there is "significant uncertainty" about the cost impacts of this measure. The LAO noted this uncertainty would spur litigation costs, affect collective bargaining, lead to modification of death and disability benefits, and would likely force taxpayers to pay for higher salaries and other benefits if retirement benefits were reduced or eliminated by voters.

What about the costs of litigation to taxpayers?

Litigation costs will explode. Chuck Reed's unsuccessful court case in San Jose, for example, has cost that city's taxpayers more than \$5 million. Just imagine the cost of litigation that will

result when thousands of pension initiatives, drafted by anyone, can be put on the ballot every year. The LAO noted this in its analysis.

Will it make it more difficult to recruit and retain teachers, firefighters, police officers and other public employees?

Undoubtedly. Public employees have long sacrificed higher wages for competitive benefits. Eliminating retirement security will eliminate a strong incentive for public service. There already is a crisis in attracting new teachers in California – even before this potential cut in benefits. We need look only to San Jose, where police officers left in droves and the city found it impossible to find enough recruits to fill its training academy for new officers. The LAO noted savings from the measure could be offset by higher salaries and other benefits required to retain and attract public servances.

Will it impact the economy?

The measure will reduce retirement income for millions of Californians – revenues that fuel our economy. For example, the \$12.7 billion CalPERS paid in benefits results in \$30 billion in economic activity. Some \$4.5 billion is injected into our state's economy from CalSTRS.

How will it affect income inequality in our state?

Retirement security will end for millions of Californians. Women make up a disproportionate share of public employees and retirees, and will be particularly hard hit if their benefits are slashed. Statistics show that the vast majority of Americans don't have enough saved to get them through retirement. This measure will just make things worse, by eliminating retirement security for public employees. Instead of eliminating retirement security we should be working together to provide safe, secure retirement benefits for all workers, private and public.

Who's behind this measure?

Two failed former politicians are leading this effort. One is ex-San Jose Mayor Chuck Reed, who presided over an exodus of peace officers from his city and a skyrocketing crime wave. The other is former San Diego city councilmember, failed Congressional candidate and extreme right-wing radio talk show host Carl DeMaio, who has been actively backed by the Tea Party in his campaigns. They have not reported the sources of their campaign funds, but they have been backed in the past by billionaire John Arnold, a former Enron executive based in Texas. Reed failed in his attempt to put a measure on the ballot in 2014 and his extreme proposals to slash pensions for the City of San Jose were largely rejected in court. Their effort is being promoted by the Koch Brothers-funded Reason Foundation and so-called "taxpayer"

groups.

How many signatures are required to qualify this for the ballot? When must they be submitted?

The measure is a constitutional amendment that will require 585,407 valid signatures. Once the Attorney General provides the Title & Summary (expected on August 11, 2015), they have 180 days to collect signatures.

What can I do to help stop this measure?

Tell your friends, neighbors, and co-workers NOT to sign the petition if they see it. If you see a signature gatherer, try to dissuade him from carrying the petition. Write letters to the editor to your local newspaper urging voters not to sign. Follow our social media platforms and share our updates and facts.

Where can I learn more?

Get the facts from our website, www.LetsTalkPensions.com. Sign up for our Twitter feed for news: @PensionFacts and our Facebook Page: Facebook.com/LetsTalkPensions.