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## Paying for pensions

### **Government's largess to public employees comes at a steep price**

In California, public employees make a pretty good living, but they enjoy a phenomenal retirement.

And guess who ends up paying for it?

The numbers are staggering, and they make for a telling tale about the blunders of the administration of Gov. Gray Davis – blunders that will burden taxpayers for decades.

As it stands, thousands of public-sector retirees are guaranteed six-figure incomes *for life* plus lucrative health benefits. That number will only climb as thousands more public employees earning six-figure incomes approach retirement with promises to receive annual pension payments worth as much as 80 to 90 percent of their final salary.

This isn't just money public employees have saved up in a retirement program that's earned interest all these many years. Most pension programs in California are at risk of going broke, and it's tax money alone that keeps them afloat.

The city of Los Angeles, for example, is spending \$121 million on its pensioners this year - a figure that's supposed to jump to \$420 million in 2008-09. The county has likewise seen its pension contributions jump by 34 percent, from \$1 billion in 2002-03 to \$1.34 billion in 2004-05.

At a time when the city can't afford to put enough cops on the streets, when the county is forced to release inmates from jail early and shut down health clinics, these costs are severe. As pensions balloon, the cost of government spirals ever upward, and the benefits taxpayers receive in return gets ever more meager.

How did we get here?

The problem began in the late 1990s, during the dot-com boom, when the state's politicians bought into the myth that their windfall would continue forever. Feeling flush – and pressured by the public-employee unions that contribute generously to their campaigns – they happily doled out ever sweeter pension and benefits to the state's employees.

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#### Info

Employee contributions to pension funds were lowered. Retirement payments were boosted, retirement ages cut. Many of the state's cities and counties, beholden to the very same special interests, joined in.

Then the boom busted, and the stock market tanked. At the very time when pension programs had to start making higher payments, their revenues shrank. And so taxpayers were called to bail them out.

That's the way it always works. In Sacramento and in Los Angeles, public employee pensions are considered "sacrosanct," while the contents of the public's pockets are considered free for the taking.

That must change.

No one denies that public employees should be paid fairly for their service, but the current pension system affords them benefits unheard of to most of the hard-working Californians who pay the bills. And the purpose of government shouldn't be to enrich a lucky few, but to benefit all.

"Sacrosanct" or not, it's time for officials in Sacramento and in local governments to correct pension excesses, and start giving taxpayers a better return on *their* investment.

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