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CAL-TAX: WHY CAN'T SOME ELECTED OFFICIALS JUST SAY NO TO THE POWERFUL PUBLIC EMPLOYEE UNION LOBBY?

Reacting to statements by Treasurer Phil Angelides and State Schools Chief Jack O'Connell attacking efforts to rein in overly generous public employee pensions in California, Larry McCarthy, president of the California Taxpayers' Association, said:

“Once again we see elected officials in Sacramento cannot say ‘no’ to the powerful public employee union lobby. The unfortunate reality for taxpayers is that the Legislature and some past governors in California, at the behest of well-financed union advocacy, created gold-plated retirement programs that are unaffordable. Without reform, these pensions will continue to bleed our state budget, grabbing larger and larger amounts of funding from programs to help the poor, schools and public safety – or taxes will have to be raised to pay for spiraling retirement costs. It is the taxpayer, not the retiree, who is on the hook for unfunded public pension liabilities.

“The taxpayers are left holding the bag when increased pension benefits outstrip the ability of pension fund investments to cover the costs. Pension fund managers said this wouldn't happen as they pressed for additional benefits. But the taxpayers' bill for making up the difference to guaranteed benefits – a rarity in the private sector – has soared from \$160 million in 2000 to \$2.6 billion this year.

“Attacking the governor's plan for retirement reform are elected officials who have watched this crisis develop and have done nothing. It looks as if they intend to let this financial problem become even more acute – or raise taxes. The actions of spending lobby defenders of the status quo and constant advocates of higher taxes should tell the public all it needs to know about why Californians are frustrated with Sacramento and increasingly turn to the ballot initiative process.”