

## CSEA responds to Governor's pension proposals

10/27/11

Today, Gov. Brown unveiled a sweeping plan to rollback pension benefits for public employees. His 12-point proposal includes raising the retirement age for new employees from 55 to 67 and forcing new hires into a 401k-style plan instead of the defined benefit plan that school employees and other public service workers have depended upon for decades.

"CSEA has been pushing for responsible reforms to prevent abuse and fraud in our pension system," said Association President Allan Clark. "However, some of the governor's proposals go too far and run the risk of undermining retirement security for thousands of California school employees and their families."

Pension costs amount to just 3 percent of the state budget—a percentage that has actually fallen \$600 million over the past two years. In fact, the State of California pays less as a percentage of payroll today than it did in the early 1980s.

"There is no Armageddon looming for our pension fund and no reason to question the long-term sustainability of CalPERS," Clark said. "Despite a ruthless campaign by out-of-state billionaires to generate sensational headlines based on faulty assumptions, CalPERS is not bankrupting the state."

The average state retiree has a pension of about 50 percent or less of their pay—or about \$25,000 a year—after serving the state for what is typically two or three decades. The average classified employee pension is \$1,197 a month.

While 401k plans serve as a valuable supplement to employee pensions, they should not replace the defined benefit plan. Anyone with their pension savings locked into insecure 401(k)-type defined contribution plans knows how precarious it is to be at the mercy of the increasingly volatile markets.

For school employees and other public workers, pensions are part and parcel of a larger wage and compensation structure, and collective bargaining must remain central to the process. Public employers and the unions that represent their workers must maintain the authority to negotiate over pensions.

"We support tough action to curb pension spiking and to pound down the pensions of the small number of public workers—mostly senior officials—with oversized pensions," Clark said. "But it's unfair to ask the rest of California's public employees to shoulder the burden caused by Wall Street's greed and recklessness."

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