

CALPERS

Romans were no rubes when it came to expressions. Prima Facie, a term meaning the matter seems obvious and self-explanatory, is an example. Tune into the city council Dec 2nd internet video archives and you will get some prima facie pie in the face.

During this hysteric and historic worldwide economic upheaval, which will neither end soon nor recover its losses quickly, you the taxpayers are giving the city unions a big raise.

Pending a vote on the remaining three of six union contracts next council meeting, the city is poised to spend \$1.93 million more than they budgeted to provide yearly raises of one, two and then three percent. There is more.

Fairfield's finest used to be able to get a 5% raise when judged proficient after attaining the 9th pay grade. Those nine steps have been shrunk into five. Furthermore, your taxes will pay for a new series of 2.5% bonuses available to more senior officers at the 9th, 12th and 15th years of consecutive service. There is more

Some contract advocates said that employees made "huge" concessions on health care. Not true. The city is switching to a less expensive \$15 employee co pay for health care instead of the present zero co pay plan where the city paid 96% of the premium. In the new deal, the city saves money by paying 100% year one and incrementally two percent less in year two and three. However, based on health care utilization rates (visits to the doctor), premium schedules and the 4% an employee paid previously, no meaningful employee cost is incurred.

The latest census data reinforces we are in a deflationary recession where your dollars, which you have less of, buy more. Similarly, the value of the dollar internationally with our most important trade partners is going up. Thus, cities giving away dollars today are giving more than you realize. There is more.

CalPERS provides retirement and health benefits to 1.6 million active and retired state, local public agency, and non-teaching school employees on behalf of 2,600 public employers. It has fallen from \$260 billion to \$190 billion in less than a year. Investment income pays 75 cents of every pension dollar. Active employee and employers contributions pay the rest.

CalPERS acknowledges losses may cause cities, counties and other state employers to pay 2% to 4% more to the pension fund starting in July 2010 for some, and July 2011 for the rest unless those losses are reversed. Barring pigs flying, that's about \$55 million more spending on top of over an \$11 billion state deficit. If investment returns in 2008-2009 are negative 20% and even recover to positive 7.5% in the next few years, it still means increases in employer contributions of about 0.2% to 0.6% each payroll year. It would take a return of over 28% in 2009-2010 to stop further increases of cities paying your tax

dollars in subsequent years. Remember, every salary raise you offer increases your obligation to pay that retiree.

My read was that Vice Mayor Mraz was pretty cognizant of what was cooking with these deals and has his doubts and pains. To her credit and hopefully our benefit, councilwoman Moy astutely kept picking at the CalPERS issue and wants to hear more. Thanks to both.

Don't give raises during a deflationary recession amidst a rising international dollar index. Don't call more than competitive wages only a living wage; that is not what the term means. Don't make claims of "huge" concessions and get who the concessionaire is wrong.

Freeze wages. Use that \$1.9 million to save needed services, programs and jobs. We must share the pain to share the recovery prize, together. Our greatest asset lies in working together. Generate revenues through generating economic cooperation, not favored class warfare. Back up the piggybank, put away the pork and lead.

Kevin Ryan is a retired Colonel, physician, musician and author who lives in Fairfield.