



RETIRED EMPLOYEES OF SAN DIEGO COUNTY, INC.

7860 MISSION CENTER COURT, SUITE 209, SAN DIEGO, CALIFORNIA 92108-1329

TELEPHONE: 866-688-9229 FAX: 619-688-0766

September 4, 2007

Public Employee Post-Employment
Benefits Commission
980 9th Street, Suite 1760
Sacramento, CA 95814

Dear Chairman Parsky and Members of the Commission;

The Retired Employees of San Diego County (RESDC) is an organization that represents the majority of the 12,000 retirees of San Diego County. Our responsibility is to keep track of developments in public retirement, particularly in San Diego County, to advise and interpret those events to our members, and to speak out to advantageously affect policies that impact those developments.

We have been heavily involved in many controversial retirement issues over the past decade - the most recent example being our opposition to a major threat to the San Diego County retirees' health benefit program. That situation has ended, for the moment, with a worsening of, but fortunately, not the elimination of our retirees' health benefits, and has resulted in a number of strongly held convictions about changes that should be made to insure continuation of very important health benefits for California's public retirees. We offer the following:

We believe that the importance of health care for elderly retirees is irrefutable, and that health benefits should be provided. Our population is constantly aging. If no steps are taken to control health care costs, and retiree health benefits are sacrificed on the altar of ever-increasing profit margins, tens of millions of elderly will be added to nearly 50-million Americans now without health coverage. Without regard to the human and social costs that would result, the financial costs to the business community of such a financially depleted consumer population will be disastrous. In short, the public costs of not providing retiree health benefits may well exceed the cost of providing preventive health care. We ask that you include this point in your final recommendations.

We believe that the obligation to provide public retiree health care must be established at the state level. This can take the form of a specific minimum health coverage requirement, or some other form. But, it should be made clear that no California state agency can sidestep this responsibility. Otherwise, the elderly will suffer, and the public will be obliged to pick up far greater costs when these uninsured elderly are forced into public treatment because of earlier, and more severe, late-life health crises. Their later

medical needs will be more severe because they will have been denied early preventive care. We ask that this point also be included in your final recommendations.

We believe the State of California should legislatively affirm pay-as-you-go as an acceptable method for meeting the new Government Accounting Standards Board (GASB) requirements, rather than just proposing the long-term liability and establishment of cash reserves now being touted. Firstly, GASB only requires that the projected costs of long-term benefits be estimated and reported. There is no requirement for funding. That claim arises from the desire of those in the accounting industry and, possibly the money market, to protect themselves; regardless of the uncertainty of any financial obligation that might create such a shortage, the small risk that funds otherwise won't be available at some future date to meet obligations, or the cost to the taxpayers of maintaining vast, public reserves for as yet undetermined needs.

We would point out that our position is not unique. We have our own, very qualified, retired accounting executives, who have carefully reviewed this issue and fully agree with this point. We believe this approach to GASB requirements is reasonable, rational, financially safe and much less costly than the creation of vast reserve holdings.

We are aware there will be some opposition to these suggestions, but also feel that the importance of retiree health care and the costs of continuing to diminish and eliminate that care are more than enough to override those concerns.

Thank you for the opportunity to provide our views. We ask that you include them in your final recommendations.

Sincerely,



Dorothy Sloter
President

DS/jt