

**From:** Ken Fritz [kenhfritz@sbcglobal.net]

**Sent:** Thursday, August 09, 2007 7:06 PM

**To:** Comment

**Subject:** Taxpayers are not represented

Ted Costa spoke during the public comment portion of the July 13<sup>th</sup> meeting that the taxpayers are not being considered fairly in the Commission hearings on post employment benefits. Unless this situation is resolved quickly, the Commission's recommendations will be slanted unfairly toward labor, I fear. I strongly suggest you form a panel of experts who represent the taxpayers to present specific pensions abuses that have been well researched and documented. Many of the abuses can be easily handled through legislation. For example, service credits can be purchased at bargain prices because an employee can purchase them after he/she learns of a pension amendment and/or after he/she learns of a salary increase or promotion but BEFORE the amendment, raise, or promotion take effect. By simply pricing the service credits to take into account actions taken by governing boards that have not yet become effective, bargain purchases will disappear. Another example is basing retirement on final year's base pay without bonuses, overtime, vacation cash-out, holiday pay, sick pay cash-out, or other non-routine pay included. Yet another would be no longer allowing folks who have terminated to reinstate employment and have all prior years service that was earned under an earlier formula be "reinstated" at a new higher formula. Another abuse is allowing safety workers to continue to accrue service years beyond 30 years (ie. to sidestep the 90% cap) by working for another agency. Yet another abuse is adding back to the worker's final pay items that are paid by the employer that "on paper" should be paid by the employee such as contributions of the employee's share of health insurance or the employee's share of his/her pension.

There is also considerable double dipping by retirees leaving and returning to work full time for another agency or part time for the agency their former employer. Yet another abuse is governing boards awarding large bonuses to top managers in the year they retire without considering the effect that bonus has on future pension costs. One-time bonuses should not be paid annually for life. Still another abuse is allowing local agencies to rule on disability eligibility for safety workers which causes unusually large differences in disability retirement rates among various agencies. Another abuse is allowing top management, who has the most to gain from retroactive benefit increases, prepare presentations to encourage governing boards to grant those increases rather than using an independent compensation committee.

You get the picture.

Ken Fritz

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