



PUBLIC EMPLOYEE POST-EMPLOYMENT BENEFITS COMMISSION

In The Commissioners' Own Words

"The results of this survey should serve as a wake-up call about the importance of planning ahead and implementing prudent fiscal policies now. For the good of the state's fiscal health and the well being of our workforce, action must be taken. It is our hope that these recommendations will serve as a blueprint for state and local policy makers as they work to ensure that these promised benefits are delivered in a way that will not negatively impact other government services or leave the bill with future generations."

- Chairman Gerry Parsky

"I am pleased that the Commission has chosen to make unanimous recommendations on three key issues: 1. Begin pre-funding: our generation is responsible for the payment for the services it has received from our public servants and should not just pass the bill to the next generation. 2. Best practices for Pension and OPEB Trust Boards: members of such Boards should be qualified and trained to be able to analyze critically complex actuarial reports, including the assumptions such as on health care inflation that underlie those reports. Poor ability to understand information leads to poor decisions. 3. Address "gaming" of the system: whether by employees (e.g., "pension spiking") or employers (e.g., "contribution holidays"), gaming undermines public confidence in the integrity of the system. I look forward to the response of our elected officials to the Commission's recommendations."

- Matthew Barger

"I am honored to have served on this historic Commission. The public employees and citizens of California should be proud of the Commission's Recommendations, as they reflect fiscal prudence without compromising the sanctity of collective bargaining."

- Paul Cappitelli

"The Commission's primary and unanimous recommendation, that all California public agencies prefund their promised retiree health care benefits, is a sound and proven public policy. Prefunding is based on the simple principle that when an employer, public or private, offers retiree benefits, the employer should set aside money today to finance those benefits and not leave an unfunded liability for others to payoff in the future. Prefunding provides benefits to both public employees and taxpayers compared to a pay-as-you-go policy. By putting dollars behind promises, prefunding makes retiree benefits more secure for workers. And by using earnings on invested funds to finance benefits, prefunding enables retirees to receive benefits at a lower cost to the taxpayer. Just as prefunding has proven to be the correct policy for pensions, it is the correct policy for retiree health care benefits."

- John Cogan



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"From the volumes of information and hours of testimony we received, there's no doubt this issue is complex. It's also critical. This report has strong recommendations. If followed, they will make significant strides in ensuring public pension security for our state."

- Connie Conway

"Governor Arnold Schwarzenegger had the foresight to realize the pension and retiree health care issues for public pension systems in California were extremely complex. Then he had the insight to promulgate an Executive Order to work with the Legislative leaders and establish a bipartisan multidisciplinary Commission. Under the leadership of Chairman Gerald Parsky the Commission accomplished the monumental task of studying the critical issues, the different systems, and the controversial topics to release a final work product that identifies the problems and pitfalls of working with funding issues and liabilities to continue delivering promised benefits to retirees. The truly remarkable aspect of the end result is that as diverse as the commissioners were in their backgrounds and philosophies, the commissioners reached a unanimous consensus on the final product."

- Ron Cottingham

"The Commission sought to help the Governor and legislature by proposing changes that provide a sustainable way to pay for pensions and retiree health care for public employees. Many of the proposals are technical but, the principles followed were straight forward: future promises should be accounted for and partially advance funded and CalPERS is a good funding mechanism."

- Teresa Ghilarducci

"Though critical causes of the escalating costs for post-employment benefits are outside the purview of this commission, the thoughtful participation of each commissioner and hard work of the staff has produced recommendations which if adopted, can begin to address this important issue facing the people of California."

- Jim Hard

"This report clearly shows the important balance of providing a secure retirement to teachers, public safety officers and all public employees as well as meeting the financial responsibilities of local and state governments. It's important that these recommendations preserve local control and make no attempt at a one-size-fits-all approach. The recommendations serve public agencies of all sizes and structures, while also providing greater transparency to employees and taxpayers."

- Lee Lipps

"I feel the consensus report reflects the willingness of Commissioners to set aside differences and make a serious effort to address OPEB benefits and costs. I commend Chairman Parsky for the firm, but fair manner in which he handled this important work."

- Dave Low



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“As Mayor, I understand that post-employment benefits are a looming issue that elected officials at all levels should focus on. This report provides some significant steps and policies that should be implemented for the taxpayers’ and public employees’ long-term fiscal and budgetary benefits. Pre-funding of the OPEB obligations and the implementation of other practices presented in the report should begin now. Hopefully this report will be the catalyst that the Governor, the Legislature and all other government agency officials need to begin to address this issue.”

- Curt Pringle

“I am very gratified the Commissioners were able to find consensus on the recommendations contained in the report. I would like to commend each Commissioner, and in particular the Chair Gerald Parsky, on the open and inclusive process demonstrated at each of the Commissions hearings. While there were several differences of opinion at times, everyone approached the issues in a very professional and courteous manner. As a retiree, I full appreciate the importance of having a financially secure pension, as well as having access to a comprehensive health benefits program.”

- Robert Walton