

PENSION REFORM OPTIONS

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leaders and press for reforms. City personnel and city residents can also meet with and write State legislators to lobby for reform. Seek out those legislators who agree that responsible pension reform is necessary and are willing to sponsor and support legislation.

An effective communications program must be implemented to help assure support from all stakeholders. All groups need to be involved and a communications program needs to be open and transparent allowing for communications, both out to and in from people. People need to know they are being taken seriously and listened to.

Costa Mesa's Unfunded Liability is too large to be fixed by only reducing cost or increasing revenues. A solution that addresses both cost and revenue is by its nature more balanced, giving it a better chance of gaining support from all stakeholders. Broad solution options include:

- Increase Revenue

- Increase Employee Contributions

- Modify Current Retirement Formulas

- Increase City Payments to CalPERS (over & above increased revenue)

Possible City level actions:

Costa Mesa can negotiate changes with its three Labor Associations. This will be difficult but agreements reached mutually together have a better chance of success instead of those dictated by a third party. Some local actions can include:

- Employees pay their full contribution rate allowable by State law

- Employees pay a portion of the City's share

- Employees pay a portion of any increase in contribution rates

- Structure contracts to allow for wage/cost adjustments based upon market conditions

- Review automatic Cost of Living adjustments for affordability

- Initiate some form of 'profit sharing' versus salary increases

Possible State and/or CalPERS level actions:

- Eliminate all methods of inflating compensation in the final year of employment

- Add a three – five year final compensation option for cities to use

- Narrow the definition of Pensionable Compensation

- Prohibit conversion of accrued sick time/vacation and other compensation such as car or housing allowances or overtime

- Prohibit retroactive pension increases (PEPRA)

Permit cities to allow some or all employees to participate in Social Security

Provide more retirement benefit options for cities and agencies to use

Allow more flexible COLA options:

- Every other year adjustments

- Different percentage options

- Suspension of COLAs until a predetermined financial metric is achieved