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### Staggering costs of the public pension programs

## Taxpayer Cost of Public Retirement Plans

By Doug Bronson Monday, May 17, 2010

I have to start by asking a few simple questions. Have we completely lost our minds? Have we given up on the freedoms and liberties that have been passed down to us by generation after generation of American sacrifice? Have we forgotten the price paid by our forefathers that allow our families to enjoy these freedoms? Frequently I ask myself if this must truly be the case when looking at the direction our country is headed these days.

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When choosing your friends or associates, do you take their personal beliefs and values into consideration before allowing them to play a role in your lives? I do, and I feel pretty confident you do as well. By doing this, don't you consider it as actually a part of your own values and teachings, mostly instilled in us by our parents during our youth? Then, as you become older and raise children of your own, don't you try to pass along these same traits and values to them with the hope they do the same with theirs? I think we all do.

With that being said, how do you feel towards your elected officials in today's world? Do you feel these people are concerned at all with their own integrity and values? Would you like to see your children looking upon them as their role models? For many generations I feel parents did like for their children to look upon our leaders with respect, because there was a time not so distant, this respect was earned. Sadly, today, this is not the case in most instances, and the reasoning is obvious, power, corruption, and greed.

My appeal for us to "wake-up" is simple. We the taxpayer, are in reality, funding our own demise. You are. You're footing the bill in your own destruction, so please "wake-up!" This statement is so simple in its meaning, and one of the main reasons for this is the public sector work place, and its union allies. What it's doing to our economy and private sector employment through their salaries, pensions and health care coverage are in fact, devastating. Let's look at the facts behind such a statement.

How has this recent recession affected you and your family? Have you lost a job, taken a pay cut, or had hours cut back at your place of employment? My brother-in-law has taken a 50% cut in salary. Our own business has suffered at least a 60 to 70% loss in income over the last two years, and I'm sure many of you have suffered through the same fate.

The figures used in these next few paragraphs come from an article in the "National Review Online."

During the same time frame, public sector jobs, meaning the sector you and I the taxpayer fund, has increased from 14% to 19% the number of federal civil service jobs making more than \$100,000 a year. This took place during the first year and a half of the recession. It gets better as we go along.

When the recession first took place, the Transportation Department had one person making \$170,000 or more per year. Now consider the difficulty you've experienced in the private sector during these last couple of years. Remember the area's in which you've had to cut back, with the full intent of doing so, being, to "stretch" every dollar you possibly can to keep up with life's needs. Well, while you've been struggling to "stay afloat," during this same time frame, the Transportation Department has increased its employees that are making \$170,000 or more by just a tad, to a mere 1,690 people! This is just another fine example of your tax dollar hard at work.

Since the economic downturn the private sector has lost 6.9 million jobs, while the public sector added 110,000. Under Barack Obama, the number of federal employees looks to increase by 14.5% from 2008 through 2010. In 2008, the benefits for public employees

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grew at three times the rate of private sector employees. This one-sided increase was funded with your tax dollar as well.

The "Syracuse.com," states:

In 1998, New York spent about 3.4 billion on pensions for state and local government workers. A decade later, that figure had ballooned to nearly \$7 billion, a jump of more than 100%, according to the state comptroller. State taxpayers footed most of the bill.

In fact, last year, for every \$100 a government worker spent on his or her retirement, taxpayers contributed nearly \$1,000. At the same time residents continued to see their private pensions, shrink or disappear.

New York public workers can retire at age 55 with guaranteed benefits. They have to contribute to their retirement plan for only their first 10 years on the job, and they pay NO state income tax on their pensions.

In 2009, this alone was expected to cost New York over \$776 million in income taxes, while at the same time the state was faced with a budget gap estimated to be in the neighborhood of \$13 billion. They also allow overtime to be included in pension calculations. From my standpoint, but what do I know is if the public sector has to pay no state income taxes on their pensions, funded mainly by the taxpayer, then why do the taxpayers have to pay state income taxes?

What gives the public sector the privilege to have such golden retirement packages given at any time, but especially during the economic hardships we're faced with today?

While the private sector tries to cut back wherever they can, just to meet their own obligations, all the while paying the brunt of the public sector "Entitlements?" At what point do we the American citizen, from our own questionable economic existence, declare "No More?" You've also got to understand that all of this we're talking about will just continue to spiral out of control.

How many reading this with private sector jobs, can say the same about your benefits, if you have any at all? Yet it's your tax dollar, and your family's sacrifice in its own needs, that fund such atrocious public sector "entitlements." What we're faced with now is a government run by its employees, dedicated whole-heartedly in their own self-interests, with their whole mindset on increasing their own power and gain, all at the expense of, and funded by, you and I, the taxpayer.

We've all seen the effects of union wages, pensions and benefits first hand. Detroit is a good example, along with our steel industries, textile mills and now they're increasing their role in the public sector. We can't compete in many areas world-wide any more with our industry strapped by excessive union demands.

We have postal workers who draw salaries simply for the sake of drawing a salary. They can't be let go because of their union contract.

**Postal Service is paying 45,000 hours of "standby time" every week**  
The "Federal Times," reports the Postal Service is paying 45,000 hours of "standby time" every week—the equivalent of having 1,125 full-time employees sitting idle, at a cost of more than \$50 million a year. Guess who pays for that?

Postal Union officials estimate that 15,000 employees have spent time this year in so called "resource rooms" where they read books, do word puzzles, or sleep—and get paid for it.

The Cato Institute says the Postal Service is experiencing serious financial woes because 80% of its financial woes are tied up in labor cost. The main cause, once again, is that the Postal Service is so heavily unionized they can't fire non-productive workers, lay-off workers when needed, or even cut back salaries or wages. On top of this the American Postal Worker Union operates under government protection. This is but one example.

**Department of Education: Paying teachers not to teach**  
In New York City there are 700 or so teachers in the same boat as the Postal Service. They sit around all day in so-called "rubber rooms," and paint read, etc. They can't be let go on account of, what else, their union contracts. They enjoy summer vacations just like their colleagues, and enjoy weekends and holidays throughout the school year.

Also understand these teachers have been accused with offenses ranging from insubordination to sexual misconduct. Because of their union contracts, these teachers keep drawing their salary, and wait months or even years for their cases to be heard.

With the teachers collecting their full salaries of \$70,000 or more, the Department of Education estimates this practice costs the taxpayers, you and I \$65 million a year. Can you guess where the Department of Education places the blame? The union contracts. This is but one city, what must this cost us nationwide? What also amazes me is the fact that the two states plodding continually towards insolvency, which are California and New York, are where the unions are most powerful. It's probably just a coincidence, don't you think?

There is a quote that I once read, that seems so pertinent today in the events that are taking place in our country, and even the subject we're currently discussing. It goes, "How fortunate for governments, that the people they govern don't think." The source of the quote is Adolph Hitler. Is this what we have become, a nation governed that doesn't think, much less act? I surely hope not.

**Government Double Dipping**  
Then there's double-dipping, and even triple-dipping, or it's also known as DROP (Deferred Retirement Option Program). This is when you have a public worker say a

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"retired" school administrator, who retires from his position, collects a cash payoff, starts his pension, drawn monthly, then goes back to work, sometimes in the same job at the same pay-scale.

In Michigan hundreds of "retired" school administrators are collecting pensions and retiree health care while continuing to collect a salary working the same jobs as contract employees, increasing the retirement burden. This practice, costs taxpayers about \$25 million a year, and on top of that, Michigan's school retirement system is already buried under \$25 billion in unfunded liabilities for retiree pensions and health care.

Where are the leaders of our country today? I mean the true believers in our Constitution and the rights and liberties it provides for Americans? Doesn't there have to be at least some of our Senators, or Representatives that feel like we do about our country? Once more, where's their voice? They've got to put politics aside and fight for what's right for our country, and not for just them, as evidenced clearly in this article.

In Florida for example, according to a Feb. 23, 2008 article which appeared in the St. Petersburg Times," the top money-maker is Miami-Dade County Community College President, Eduardo J. Padron.

Padron terminated his participation in DROP on March 31, 2006, and collected \$893,286 in lump sum benefits and began receiving \$14,631 a month in retirement pay.

A spokesperson for Padron explains that the president was asked by board members to return to his job after he notified them of his retirement, which he did. So, by not actually ever retiring, he picked up his lump sum benefits, his monthly pension started and continues, plus he draws his yearly salary, which happens to be \$328,860 for staying on the job. Juan Mendieta the Communications Director stated, "The process is perfectly acceptable and legal." I'd have to ask the question, "to whom is it acceptable?"

In one year's time he collected \$1,397,718 in lump sum benefits, monthly pensions, and salary. In the private sector workplace, with a yearly salary of \$60,000, which by the way is a pretty decent wage, it would take an individual 23.3 years to earn that amount of money.

One other quick quote, this time from "The Palm Beach Post," discussing state pensions in Florida. Legislators refused this year to force state employees to contribute a token amount- 0.25 percent of their pay- toward their retirement. Instead, taxpayers who more and more cannot count on guaranteed fixed-pension payments for their own retirement are forced to pay to make sure the state employees get theirs. Just to put the 0.25% figure in perspective, if you made a salary of \$100,000 per year, the contribution then asked of you to help pay for your retirement would be \$250 dollars! They can't even contribute a quarter of 1% towards their own retirement! The amazing fact to this statement is the reality they expect us to pay it for them. This on top of all the other funding we pay for towards their retirement pensions.

What are we missing here people, the fact that we're being stolen blind? Is it that hard for us as taxpaying citizens to understand that we cannot continue to sustain this type of open, flagrant misuse of our tax money? Our elected leaders, the unions, and everyone involved in the public sector work place must see the parallels of Adolph Hitler's quote, in regards to we, the taxpayer, in that "the people being governed don't think."

#### **California's retired government workers receiving pensions of over \$100,000**

Then, we must take a look at Nancy Pelosi's home state of Greece. I'm sorry, I honestly did mean to say California, but I just couldn't resist it. We all do understand though the financial status of California, which was reduced for a period of time last year to issuing IOU's to cover its obligations. Would your state accept an IOU from you if you didn't have your property taxes? How about the IRS? You think they would take your IOU? It's become totally a "Do as I say, and not as I do," government mentality.

According to the California Pension Reform," as well as "Sacramento (CBS 13), the number of California's retired government workers receiving pensions of over \$100,000 is, are you sure you want to know, 9,111!

Let's look at the top 6.

Name	Monthly Pension	Yearly Pension Total
Bruce Malkenhorst	\$42,472.05	\$509,664.60
Joaquin Fuster	\$25,207.66	\$302,491.92
Donald Gerth	\$23,635.76	\$283,629.12
William Garrett	\$23,191.02	\$278,292.24
James Stahl	\$22,587.99	\$271,055.88
John Schlag	\$21,725.87	\$260,710.44

Can you believe those figures? I'm under the assumption that there's no way on "God's green earth," these pension plans can ever possibly be sustained.

"We have more money that's being paid out in pensions at CalPERS (California Public Employees Retirement System) and other pension systems than the money that's coming in." This comes from Marcia Fritz, President of the California Foundation for Fiscal Responsibility.

At the Capitol, Senate Minority Leader Dennis Hollingsworth put it this way, "We can either control the pension costs associated with state workers today or we can become fiscally insolvent."

**California public pension system is the single biggest threat to the states fiscal future**

Gov. Schwarzenegger says the California public pension system is the single biggest threat to the states fiscal future.

He then went further stating, "The fact of the matter still as you can see it, is it (The California pensions) went from \$150 million to \$3 billion dollars," adding "it is a 2,000 percent increase, while the revenues maybe increased by 26 percent."

A Stanford University study shows California's unfunded pension debt is more than \$500 billion. The University of Chicago and Northwestern University came to the same conclusion saying, "The state with the biggest absolute level of underfunding is California— with underfunding of approximately \$475 billion by our calculation."

But the government worker unions insist the pension system is sound. "So for everybody who's receiving a \$100,000 pension, there are 99 people who are receiving a pension of \$2,000 a month or less," says David Low of California's Health Care and Retirement Security.

I have to ask David, "And your point exactly, is what?" If the pension amount is only 50 cents, and you're paying out more than you're bringing in, guess what? You've got to cut cost somewhere, and once again, why is the taxpayer furnishing the money for these pension plans, on top of paying the salaries of these public workers as well?

Besides that, without taxpayer monies these jobs wouldn't even exist in the first place. Evidently our government employees seem to have forgotten that simple fact somewhere along the line.

So I ask all of you now, what types of cuts are our elected officials proposing? Some of which are, let's see, cutting our Postal deliveries back to four days a week, releasing prisoners back into the streets, cutting our schooling down to four days a week, cutting back on school field trips, and possibly doing away with our school's sports programs.

Is it just me, or does it seem to you as well, that while we're being asked to understand their reasoning's behind such cuts as necessary for our cities, or our states, and even our nation's fiscal survival, they don't seem too concerned with the cost to the taxpayer for their own retirement, pension, and health care plans. Even if they did start instituting such retirement cuts, it would most likely be for new retirees, not the ones already in these programs. This is another sad, but true, statement.

So we see the cost of these public pension programs is indeed staggering. But consider this as well. We haven't even touched on the entitlements for the poor, or illegal's. These programs cost us hundreds of billions a year on their own.

We're still faced with the excessive spending our administration condones, whether it's done with borrowed or printed money. We've had health care reform forced upon us, and there's talk of a VAT tax (Value Added Tax) coming down the pike, illegal immigration reform, as well as cap and trade legislation all peering out at us.

So as you can see, it is now well past time to show our elected officials, that while we are in fact being governed, we are also thinking hard about their actions and inactions, and the fact that come November our voices will be heard, loud and clear! God Bless you all!

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