

The Honorable Arnold Schwarzenegger  
Governor  
State Capitol  
Sacramento, CA 95814

**Re: Campaigning to Privatize Pension Plans for California State Employees**

Dear Governor Schwarzenegger:

I am writing to address the alarming misconceptions you are promoting in your campaign to privatize CalPERS and STRS. California's PERS and STRS programs cost the state very little money; in fact, PERS costs the state nothing, and the STRS cost to the state is minimal. Your use of the conservative Clear Channel media conglomerate, specifically San Diego's ultra-conservative talk radio host Roger Hedgecock's promotion of your pension privatization campaign would be fine if he told the truth. During his call for people to attend your signature-gathering event on March 3<sup>rd</sup>, 2005, at the KOGO radio station, Hedgecock claimed that California's teachers "are bleeding the state dry" of financial resources.

This type of hate-mongering is not just irresponsible, but simply not based in fact. I am calling on you, as the Governor of California, to act responsibly and honorably in your campaign. What sort of society do you encourage when California's hard-working, modestly-paid employees are set up as a cause of California's economic woes? You employ a divide-and conquer strategy, encouraging Californians to tear each other down, rather than fostering a climate where people help each other.

Look around at your neighbors and their children; ask each one of them to tell you about a teacher that has changed his or her life in some way. Come into a classroom sometime and see what it is that teachers create from little resources; many of these classrooms are small communities of positive change. We need a talented teaching workforce, one that can count on a modest pension. Without this benefit, who will teach young Californians for increasingly low wages?

And what of California's firefighters, those noble men and women who risk their lives daily to protect society? In San Diego, in the aftermath of the 2003 fires, we know all too well of the heroism of these public servants. And California's education staff workers, nurses, and police officers? How can you look directly at these dedicated, hardworking people who have devoted their lives to the education, protection, and health of others and tell them that they are costing the state too much? If your proposed pension initiative succeeds, it will be the state that bleeds its teachers and other public employees dry.

I would ask you to take a hard look at your motives for privatization, conduct your campaign honestly, and consider these facts if you care about the future of California's public sector workers or the health of California's economy:

- The biggest financial blow to state pension funds came from such corporate scandals as Enron, World Com, and Tyco.
- STRS and CalPERS cost to employers is competitive to other state pension plans, only slightly higher because of California's high cost of living.
- Highly-skilled, mid-level employees can afford to work at lower, state wages since they can count on inflation-adjusted pension benefits that they won't outlive. Thus, highly skilled public employees who might make more in the private sector continue working in the public sector, strengthening these occupations, and ultimately the state itself.
- The chance of retired state employees with Defined Benefit plans requiring public assistance is less than those participating in a Defined Contribution plan.

- If new state employees are required to have a Defined Contribution plan, they will no longer pay into the previous benefit plan, thus severely undercutting retirees their promised pensions, increasing the cost to other public services.
- Workers are protected from radical shifts in the market as Defined Benefit plans are managed to offset investment risk since it is pooled across the entire plan, rather than each investor bearing personal risk.

In short, there are many more real benefits in maintaining CalPERS and STRS than in requiring state employees to switch to Defined Contribution plans. If your proposed initiative passes, the immediate cost to retirees will be devastating, and the ultimate cost to California's stability will be irreparable. If your intention in this plan is to help big business at the expense of public sector workers, be forthright so that Californians know what they sign if they sign your petition to put this initiative on the ballot. But do not depict public employees of this state as parasites; there is nothing farther from the truth.

Sincerely,