



Public Pension Defense Tool Kit Template

September 30, 2010

Overview

The following is a template of what a local or regional media tool kit should contain as local and regional media outreach efforts build to support retirement security for public employees. **This document is for internal use by supporters of public pensions.**

The content is the result of several brainstorming sessions conducted by the National Conference on Public Employee Retirement Systems (www.NCPERS.org) in partnership with other public pension stakeholder groups. The sessions were held over the summer of 2010 with the following goals:

- To identify some key universal messages, supporting data and examples, and talking points that can be adapted to local and regional issues and situations.
- To provide some initial resources, links, templates and other supporting documents that can be added to.

Ultimately, it is up to each locality and region to adapt and fill in elements of this template tool kit and other resources for themselves.

Thank you.

Local/Regional Media Toolkit Essentials

- Select/Create Key Messages and Talking Points to adapt to local and regional concerns. Work them in to all statements or responses, and on key websites
 - Identify and Localize/Regionalize case studies, human interest stories, sound bites
 - Share among trusted coalition members
 - Keep it Simple. Stay out of the weeds whenever possible
- Roster of Media-Trained, On-Message Spokespeople, Subject Matter Experts
- Schedule White Papers, Fact Sheets, Op-Eds, Letters to the Editor, and identify Public Forums and other places to go to speak and gain coverage

Local/Regional Media Toolkit Essentials

- Links to supporting online resources
- Monitoring all local and regional traditional media, social media, and the blogosphere
 - Specific issues
 - Politician statements
 - Organized movement (friend AND foe) statements and demonstrations
- Target List of Journalists and Editors for story and interview pitches, meetings, exclusives
 - Friendly
 - Adversaries

Strategic Message Matrix

Topic/ Issue	Top Line Message	Proof 1: Data	Proof 2: Visual	Opposition	Reaction to Opponent
<p>Retirement Security for all/An economy that works for all</p>	<p>To ensure that after a lifetime of work you can afford to retire. The real crisis isn't about pensions; it's about the fact that the road to retirement has crumbled; an increasing # of Americans cannot afford to retire.</p>	<p>A recent report finds that pension income plays a critical role in reducing the risk of poverty and hardship among older Americans, while also reducing public assistance expenditures.</p> <p><i>From "The Pension Factor: Assessing the Role of Defined Benefit Plans in Reducing Elder Hardships." National Institute on Retirement Security, July 2009. (see online resources slide)</i></p> <p>Pension Rights Center: There's a \$6.6 trillion underfunding of private sector</p>	<p>We're already seeing more older Americans facing unattractive choices: working indefinitely (if they can find a job and are physically able), living in poverty, or turning to outside assistance from family or government.</p>	<p>Public employees have more security than private sector employees, and in hard times, they need to sacrifice equally.</p>	<p>All that does is hurt the overall economy and municipal and state budgets even more. The NIRS "Pension Factor" study shows that rates of poverty among older households lacking pension income were about six times greater than those with such income. The analysis also finds that pensions reduce – and in some cases eliminate – the greater risk of poverty and public assistance dependence that women and minority populations otherwise would face.</p>

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Stability of revenues for local and state economies.	<p>Spending by retirees living in their communities provide stability to local and state economies during tough economic times. It is important for local economies that workers be able to retire. We can't afford NOT to fund pensions. There are economic + social assistance cost benefits to communities with pensioned retirees.</p>	<p>NIRS study on impact of retirees' pension on state economies shows public employee retirees pump \$358 billion into local economies, creating 2.5 million jobs. <i>(Perhaps add local info on retirees who stay in home communities.)</i></p>	<p>Every single dollar of taxpayer pension funding generates \$11.45 in economic output. Coffee Shop Analogy: Who's in the coffee shop or movie theater on weekdays spending money locally? Retirees.</p>	<p>Ultimately, we can't afford to pay such benefits if we are to balance our budgets.</p>	<p>A recent report finds that pension income plays a critical role in reducing the risk of poverty and hardship among older Americans, while also reducing public assistance expenditures. <i>The Pension Factor: Assessing the Role of Defined Benefit Plans in Reducing Elder Hardships.</i> National Institute on Retirement Security, July 2009. (See online resources slide)</p>

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Responsible Reform	<p>We are identifying and eliminating abuses such as double dipping, spiking, etc.</p> <p>We are seeking creative ways to adapt the best features of DB plans to current realities</p>	<p>Since 2006 -- even before the current financial crisis -- 45 states in cooperation with public employees have enacted pension reforms</p>	<p><i>(Your state's/region's /organization's actions here)</i></p>	<p>It's just window-dressing</p>	<p>Public employee willingness to consider adding the most effective DB-like features to underperforming DC-like plans demonstrates an open-mindedness that is solutions-oriented, not window-dressing. <i>(See February 2010 NIRS "Raising the Bar: Improving Retirement Security" policy solutions conference report; link in online resources slide)</i></p>

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Public Pension Accounting	Public sector is relying on generally-accepted accounting rules set by independent experts	GASB White Paper from five years ago supports our accounting practices. (See online resource slide)	Nationally, our pensions are pre-funded for another generation because they have been managed and accounted for properly; most pension dollars paid to public employees come from properly managed investment earnings, not from contributions by government or taxpayers.	GASB is currently taking another look at your accounting standards	It's a long process, and we can't pre-judge what a new GASB report will find. Responsible Reform articles and columns by leading unions (See online resource slide)

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Pension plans are affordable and sustainable	<p>With the stock market and economic downturn, pension contributions may be going up. But these additional contributions will be manageable in most states. Pensions are durable and efficient and need time to rebuild. Pensions have a longer time horizon than individuals to recover losses.</p>	<p>Defined benefit (DB) pensions are still the most efficient way to fund retirement benefits. DB costs are 46 percent less than DC costs to achieve a target benefit.</p>	<p>Standard & Poor's June 2009 report: "No Immediate Pension Hardship for State & Local Governments." (See online resources slide).</p>	<p>Pension plans still cost taxpayers too much</p>	<p>70% of pension fund receipts come from fund investments, 10% from employee contributions, and only 20% from employer contributions. A year after suffering record investment losses, many of the nation's largest public pension plans are reporting double-digit percentage gains for the budget year that ended June 30, 2010. (See online resources slide).</p>

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<p>Envy from those who do not have pensions</p>	<p>Most pensioners receive a modest benefit after a lifetime of public service.</p>	<p>Average public sector pension benefit in the US is in the mid \$20,000/year.</p> <p>360 of Fortune 500 companies offer DB pensions to their employees.</p> <p>Per Pension Benefit Guaranty Corp., 44 million private sector employees have DB plans. Roughly 22 million public sector employees do.</p> <p>Public sector employees contribute to plans, which are subject to strict vesting requirements.</p>	<p>Find local examples and put faces on them.</p> <p>While abandoning DB plans for its workers, corporate America still values DB plans for its top executives (WSJ, Nov 3, 2009 slide)</p>	<p>100k Club pensioners</p>	<p>100K Club is the exception: (1) Mostly senior executives who earned it (2) average pensions are modest (3) do the math -- divide the # of 100k recipients by the total # of pensioners in your state = low % of 100k recipients. (See \$100k Formula slide)</p> <p><i>"It's important that attacks on public employee pension "double-dipping" during our current economic crisis not stigmatize the vast majority of hard-working public employees by burdening them with a double standard."</i></p> <p>Compare to excesses among government officials such as Bell, CA, which is currently being sued by California AG Jerry Brown for massive overpayment of executives.</p>

Strategic Message Matrix

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Topic/ Issue	Top Line Message	Proof 1: Data	Proof 2: Visual	Opposition	Reaction to Opponent
Unfunded liabilities	<p>State budget problems are much larger than pension funding; cutting benefits doesn't solve the problem. Liability is another word for an agreed contract between employers and employees for their years of service.</p>	<p>Pensions are a small percentage of state budgets. On average, 88% of the ARC was received by the largest public funds in 2008. About 6 in 10 funds received payment for nearly the full amount of their ARC—but contributions to 4 in 10 plans were inadequate. For those states that have not made their ARC, that debt needs to be paid off.</p>	<p>Find your state's % of budget that goes to public employee pensions; public pensions have been viable for 100 years.</p>	<p>Articles and studies that claim state budgets are busted by pension liabilities</p>	<p><i>See slide on percentage of state budgets going to public pensions</i></p>

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State and local benefit plans that need help due to underfunding are hurting the bond market and hurting states' ability to raise funds for "necessary" services	As the economy slowly improves, plans are recovering over time	Link to stateline.org article in online resources slide listing showing rates of recovery by state		These are just bail-outs by another name	This is nothing but scape-goating by the big Wall Street banks that got us into this economic mess by over-promoting 401ks, and now want to throw solid pension plans under the bus

Strategic Message Matrix

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<p>Retirement is a right that all working Americans -- private & public sector -- deserve.</p>	<p>Shared risk: both public and private employees need to be protected from Wall Street excesses</p>	<p>Actual hit on pension benefits from Wall Street abuses and the failing economy have affected both private and public employees.</p>	<p>Until recently private companies were largely set up with DB pensions until Wall Street convinced them to switch to risky 401ks. <i>(Find examples of shared private and public pension cuts/pain in your state/region and put a face on them).</i></p> <p>While abandoning DB plans for its workers, corporate America still values DB plans for its top executives (WSJ, Nov 3, 2009 slide)</p> <p>Nebraska case history of DC-to-DB</p>	<p>Public employees must share in the pain being suffered by private sector employees.</p>	<p>The defined-benefit pension plans most teachers, police and fire fighters participate in were also common in the private sector -- until just a few years ago when healthy but greedy corporations began to switch workers to riskier 401k plans.</p> <p>To impose changes that would switch more people to risky retirement investments would only reward the Wall Street bankers who wrecked our economy. Some public employees have already been forced into these unreliable plans, and would face a double penalty if asked to give more after suffering severe stock losses.</p>

Strategic Message Matrix

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<p>Statewide legislative initiatives to curb public employee pension benefits</p>	<p>These do virtually nothing to redress states' immediate financial crises by cutting the largely modest retirement benefits earned responsibly by teachers, public safety employees and nurses; eliminating waste and fraud and sweetheart deals for government contractors are better ways to cut costs immediately.</p>	<p>Pensions are a small percentage of state budgets</p>	<p>Find your state's % of budget that goes to public employee pensions; public pensions have been viable for 100 years</p>	<p>We have to act now</p>	<p>Pensions also have a longer time horizon than individuals to recover losses, a point highlighted in a recent analysis by Standard & Poor's. The same cannot be said for retirees and near-retirees without pensions and without sufficient time to recover losses to their retirement savings accounts and housing values. <i>"No Immediate Pension Hardship for State & Local Govts," Standard & Poor's, June 2009</i> (see online resource slide)</p>

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<p>European countries' fiscal woes, and their public sector</p>	<p>European countries are facing budget crises because of poor financial decisions (Greece, Goldman Sachs) , and not because of the public sector.</p> <p>However, our concern is America's workforce and retirement in the US. The European situation is a separate discussion.</p>				

Strategic Message Matrix

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Formula for Percentage of \$100k Club in a State

- Step 1: Go to the [U.S. Census data on public pensions](#) and locate your state.
- Step 2: Find the total number of public employees that the U.S. Census Bureau has identified for your state.
- Step 3: Divide the number of \$100k Club members by the number of public employees in Step 2.
- Step 4: Move the decimal point two places to the right to get percentage.

Wall Street Journal, Nov 3, 2009

Pensions for Executives on Rise

Arcane Techniques, Generous Formulas Boost Payouts as Share Prices Fall

BY ELLEN E. SCHULTZ AND TOM MCGINTY










Pensions for top executives rose an average of 19% in 2008, with more than 200 executives seeing pensions increase more than 50%, according to a Wall Street Journal analysis.

The executive-pension growth stemmed partly from generous pension formulas, which are based on executive pay, according to the filings. Also adding to the pension jumps are arcane techniques that have received little scrutiny, including increases triggered when an executive reaches a certain age or when companies change interest rates used to calculate the pensions.

<http://online.wsj.com/article/SB125719963066023835.html>

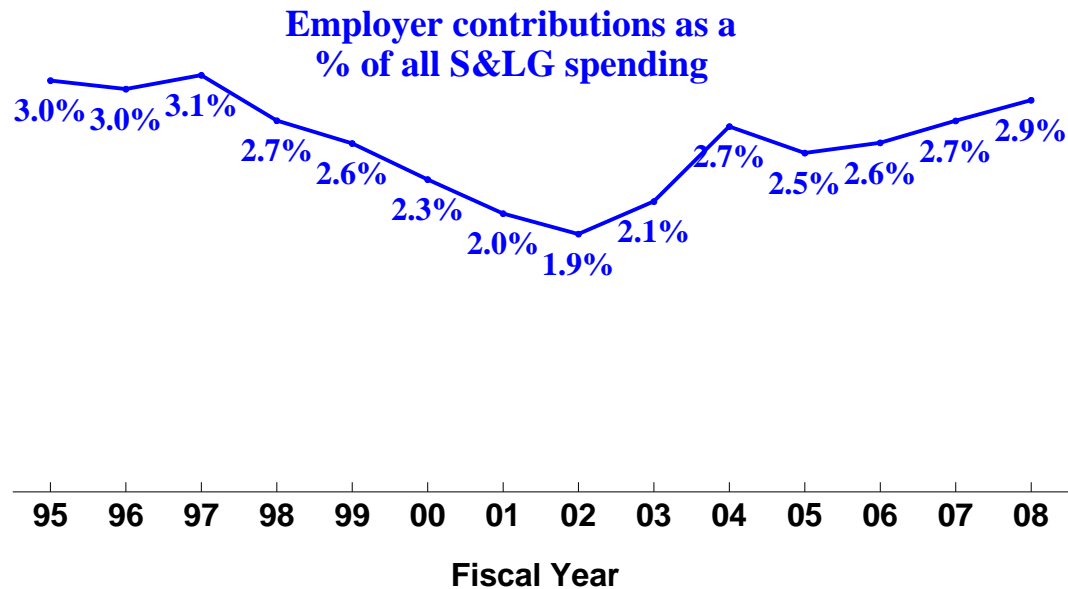
Rising Tide

Companies with the largest pension IOUs for their top four to six executives.

	Total Owed (in millions)	1-year change
General Electric	\$140.70 	13%
Exxon Mobil	108.2 	18
ConocoPhillips	100.9 	21
Textron	79.6 	8
Chevron	74.6 	6
News Corp.	72.4 	-10
Hess	70.0 	18
Bank of New York Mellon	65.4 	9
McKesson	63.4 	8
Bank of America	63.2 	2

Note: Excludes executives who weren't in the pension plans in both 2007 and 2008.
Source: Company filings, WSJ analysis of company filings compiled by Capita IQ

Percentage of State Government Budgets for Public Employee Pensions



Compiled by NASRA from U.S. Census Bureau data

Sampling of Talking Points*

The economic crisis – and the Wall Street excesses and corporate abuses that drove it – is the real threat to retirement security for *all* Americans.

- Part of the American dream is that after a life of hard work and playing by the rules, people should be able to retire with dignity and security.
- But we know that for both public and private sector workers alike the dream of retirement security is being threatened by the economic crisis -- and the Wall Street excesses and corporate abuses that drove it.

We should deliver retirement security to more people, not force more retirees into poverty.

- Average public employees – nurses, school employees, community college professors and child protection workers, etc. – earn a secure but modest retirement benefit (\$2,000 a month) after years of service.
- To strip away the pension benefits of people who are first responders in our communities – police, firefighters, and EMS personnel– and in some case their surviving families is *not* the right solution.
- Drastic alterations to their pension benefits would only drive more retirees into poverty and prove risky to local economies (state and local government retirees pump an estimated \$358 billion a year into local economies).

**Talking points need to be buttressed by hard data such as NIRS studies, and visual data such as compelling case histories and memorable sound bites*

Sampling of Talking Points

The right solution is to find sensible retirement options that make everyone on Main Street less vulnerable to poverty in old age and that protect people from approaches that have only enriched Wall Street.

- **Overreacting to the myth of underfunded public pensions rewards greedy Wall Street bankers who wrecked our economy.**
 - The defined-benefit pension plans most teachers, police and fire fighters participate in were also common in the private sector until just a few years ago when healthy but greedy corporations began to switch workers to riskier 401k plans.
 - To impose changes that would switch more people to risky retirement investments would only reward the Wall Street bankers who wrecked our economy. Some public employees have already been forced into these unreliable plans, and would face a double penalty if asked to give more after suffering severe stock losses.
 - We shouldn't let opportunistic politicians reduce the benefits of middle-income workers – who are already making their share of sacrifices – by overstating the impact of short-term problems. Better regulation of Wall Street will solve most of these problems.
 - Public pension plans have been viable for over 100 years and will recover any losses as the economy improves.

Sampling of Talking Points

Public employees worked hard to earn modest retirement benefits.

- Like all hard-working Americans, public employees like nurses, school employees, community college professors, and child protection workers have worked hard to earn a secure retirement, [if applicable] have contributed to their own pension plans, and [if applicable] have already made sacrifices to solve budget challenges.
- Seven out of ten public employees receive retirement income of less than \$30,000 a year, and [if applicable] most public employees don't receive Social Security (see slides 31-32) or retirement health care benefits. The average public employee retirement benefit after years of service is about \$2,000 a month, not a lot to live on in costly areas.
- We should not allow opportunistic politicians to blame our teachers, police, nurses and firefighters for our economic problems when they should be putting responsibility where it belongs – on the corporate excesses that caused these problems.

Sampling of Talking Points

Good pensions are great for state and local economies – and provide the public with good services now.

- Public employee pensions are engines of economic growth for state and local economies, driving \$358 billion in economic impact and creating 2.5 million jobs. Every one dollar of taxpayer funding generates \$11.45 in economic output.
- Retirees' spending on food, medical services, transportation and the occasional movie matinee is vital to state and local communities lacking in diverse local industries.
- Public employee pension funds creatively invest the money they hold in state and local communities – in California, that \$15.1 billion in-state economic activity and 124,000 jobs outstrips both the construction and motion picture industries.
- Public employees' retirement benefits also help us attract and retain good employees for jobs that are crucial to our communities but that often pay less than comparable work in the private sector. We're able to recruit good employees and quality services -- like strong schools, safe streets, and clean parks -- right now and pay over time for them.

Sampling of Talking Points

On the Financial Viability of Pensions

- Pensions have been financially viable for over 100 years and just like everything else, they along with 401ks took a hit during the recent market crash due to the abuses of mortgage companies and Wall Street brokers. That does not make them financially unviable.
- In fact, pension funds were on solid financial footing until the recent stock market crash. They do so well most of the pension dollars (in California, 75 cents of every dollar) paid to teachers, firefighters, and school employees come from investment earnings, not contributions by government.
- What we have to do now is work to ensure that our economy begins to recuperate in a healthy and responsible way so that pensions and any other types of investments continue to provide the safety net they were intended to for everyone.

Sampling of Talking Points

On Pension Abuses and Pension Fund Integrity

- In some cases, a handful of top managers game the system to obtain large pension payouts – a practice known as “spiking” -- but the solution isn’t to cut retirement benefits for moderate-income public employees like nurses, school employees, community college professors, and child protection workers.
- For the sake of current and future retirees, public pension funds need to be models of transparency and good management. That’s why we are playing a watchdog role and fighting for stronger ethics and reporting rules.
 - We want to limit spiking.
 - We want to set strong rules to prevent corruption on the part of current or former pension system trustees and staff.

Sampling of Talking Points

- In fact, over the years we have been part of the solution – fighting to pass legislation that protects the investments of workers and taxpayers. We want real reforms, and have successfully advocated for new laws that:
 - prohibit trustees on pension funds from marketing products to other pension funds so that there is no conflict of interest in their actions or votes
 - make it a criminal act to make false representation to a retirement system
 - close the revolving door between trustees and staff of a retirement system and the private sector vendors who do business with retirement systems
 - prevent anyone from unfairly manipulating the calculations of their final pension benefits
 - provide clear standards for terms under which retired employees can return to their workplaces as consultants and still obtain pension benefits
- Compare the few abuses of pension benefits to government officials who abuse taxpayers, such as in Bell, CA, where excessive government official pay is under investigation by CA AG Jerry Brown

Sampling of Talking Points

On Statewide Legislation or Initiatives

- Even as we succeed in defeating statewide initiatives or legislation, we must stay vigilant over other proposals that would cut the modest retirement income of public employees like nurses, school employees, community college professors, and child protection workers.
- These proposals are wrong, they will force many teachers, firefighters and nurses to retire in poverty, and they do almost nothing to solve our state's immediate budget crisis. Pension costs typically represent only a small fraction of state government budgets. Eliminating waste and fraud and sweetheart deals for government contractors are better ways to cut costs.
- None of these proposals address the real issues: ensuring that our public pension funds are financially sound, preventing abuses, and holding Wall Street accountable.
- The fact is that seven out of 10 public employees get less than \$30,000 per year in retirement, and most do not receive Social Security (see slides 31-32). Yet several proposals in our state keep surfacing that would either cut these modest benefits or force higher contributions from workers who count on these benefits to offset the lower wages than they would receive in comparable private sector jobs.
- For example, under one recent proposal in California, a school bus driver, custodian, or a librarian who also pays into Social Security would get a 48 percent cut in their pension despite the fact that under current law the average public employee retirement benefit is about \$2,000 per month after years of service. If this proposal were law today that average retirement benefit would be just over \$1,000 per month, barely above the federal poverty level for a family of one. That is simply not enough to live on.

Sampling of Talking Points

Talking About Public Employees and Pensions

- Here are some examples of how to talk about our workers in the context of pension fights:
- National and statewide political and/or ad campaigns to protect public sector pensions broadly should use the categories our polling shows people can most relate to, *“teachers, nurses, police, and firefighters.”*
- However, in state and local earned media we should be speaking of our members and the public benefit of their work, for example, *“the social workers who protect children from abuse,” “the EMTs and nurses who save lives every day,” or “the community and state college professors who are educating the next generation of Californians.”* Consider featuring members providing services that help people hurt by the economic turndown: *“people who are helping a small business grow, getting a worker a good job, making sure a child gets their next meal.”*
- In local battles, local communicators must assess the types of workers affected and choose examples that offer the most concrete, easily understandable benefit to the public, for example: *“the city employees who maintain our streets and parks, take 911 calls, and run our libraries.”*

California’s Local Fights to Switch to Two-Tier Systems

- (FILL IN WORKER CATEGORIES AS APPROPRIATE*) receive an average of a little over \$2,000 a month in retirement benefits. Cutting these benefits for future workers is unfair and will force these workers to retire in poverty.
- There are some pension abuses, but they’re at the top; management is trying to punish (FILL IN WORKER CATEGORIES AS APPROPRIATE*) for top managers’ excesses.

Online Resources

- [NIRS General FAQ Document on Pensions](#)
- [NIRS Module: Best Practices for Handling Tough Funding Issues](#)
- [“Out of Balance” NIRS Report on public employees earning less than comparable private sector employees](#)
 - [CNN April 2010 coverage of the “Out of Balance” report](#)
- [NCPERS online tool to assist members in responding to GASB](#)
- [NCPERS Top 10 Advantages of Defined Benefit plans](#)
- [Stateline.org article and chart on the recent significant rebound in public employee pension returns](#)
- [GASB Whitepaper on Why Government Accounting is and should be different](#)
- [Profiles of the people and the important work of public employees by a coalition of Montana state employees: <http://workthatmatters.org/>](#)

More Online Resources

- [NASRA: Standard & Poor's June 2009 Report "No Immediate Pension Hardship for State and Local Governments"](#)
- [May 2010 SF Chronicle column by SEIU's Yvonne Walker on Pension Plan Reform](#)
- [CalPERS' response to alarmist Stanford University Study, April 2010](#)
- [NIRS February 2010 report-- Policy Solutions for Improving Retirement Security](#)
- [The Pension Factor - Assessing the Role of Defined Benefit Plans in Reducing Elder Hardships](#)
- [Article on the movement in Europe toward pre-funded rather than pay-as-you-go pensions](#)
- [Sample press releases from NIRS](#)

Social Security and Medicare Coverage of Workers from their State and Local Government Employment in 2007

• State	All Workers	Workers With OASD		Workers Without OASD	
		Number	Percentage	Number	Percentage
• Ohio	845,800	21,700	2.6%	824,100	97.4%
• Massachusetts	474,700	20,400	4.3%	454,300	95.7%
• Nevada	159,400	29,500	18.5%	129,900	81.5%
• U.S. Territories	6,400	1,300	20.3%	5,100	79.7%
• Louisiana	329,700	92,700	28.1%	237,000	71.9%
• Colorado	409,100	124,300	30.4%	284,800	69.6%
• California	2,478,000	1,084,400	43.8%	1,393,600	56.2%
• Texas	1,752,600	836,400	47.7%	916,200	52.3%
• Maine	118,000	63,900	54.2%	54,100	45.8%
• Illinois	961,600	526,400	54.7%	435,200	45.3%
• Alaska	64,300	42,100	65.5%	22,200	34.5%
• Hawaii	113,400	79,700	70.3%	33,700	29.7%
• Connecticut	287,400	205,900	71.6%	81,500	28.4%
• Missouri	463,500	341,600	73.7%	121,900	26.3%
• Georgia	699,200	518,700	74.2%	180,500	25.8%
• Kentucky	373,300	279,000	74.7%	94,300	25.3%
• District of Columbia	75,400	58,600	77.7%	16,800	22.3%
• Rhode Island	65,200	55,300	84.8%	9,900	15.2%
• Puerto Rico	257,700	222,700	86.4%	35,000	13.6%
• North Dakota	74,900	65,300	87.2%	9,600	12.8%
• Montana	95,700	83,500	87.3%	12,200	12.7%
• Wyoming	78,500	69,200	88.2%	9,300	11.8%
• New Hampshire	108,100	95,400	88.3%	12,700	11.7%

Social Security and Medicare Coverage of Workers from their State and Local Government Employment in 2007

• State	All Workers	Workers With OASD		Workers Without OASD	
		Number	Percentage	Number	Percentage
• Michigan	772,600	684,400	88.6%	88,200	11.4%
• Washington	563,900	500,100	88.7%	63,800	11.3%
• Wisconsin	484,400	429,900	88.7%	54,500	11.3%
• Florida	1,162,800	1,032,800	88.8%	130,000	11.2%
• Arkansas	203,300	182,500	89.8%	20,800	10.2%
• New Mexico	197,400	177,400	89.9%	20,000	10.1%
• Indiana	497,900	448,500	90.1%	49,400	9.9%
• Iowa	288,800	261,600	90.6%	27,200	9.4%
• Maryland	458,300	415,700	90.7%	42,600	9.3%
• Oklahoma	310,500	281,800	90.8%	28,700	9.2%
• Tennessee	484,900	441,400	91.0%	43,500	9.0%
• Arizona	444,300	406,300	91.4%	38,000	8.6%
• Utah	222,000	202,800	91.4%	19,200	8.6%
• Mississippi	260,900	240,300	92.1%	20,600	7.9%
• Kansas	289,200	266,500	92.2%	22,700	7.8%
• Oregon	290,400	267,800	92.2%	22,600	7.8%
• North Carolina	713,100	659,700	92.5%	53,400	7.5%
• Alabama	390,000	361,100	92.6%	28,900	7.4%
• Pennsylvania	808,600	749,400	92.7%	59,200	7.3%
• New Jersey	686,800	638,300	92.9%	48,500	7.1%
• South Dakota	79,200	73,800	93.2%	5,400	6.8%
• West Virginia	155,300	144,700	93.2%	10,600	6.8%
• Nebraska	152,200	142,500	93.6%	9,700	6.4%
• Minnesota	445,100	417,900	93.9%	27,200	6.1%
• South Carolina	375,800 3	52,700	93.9%	23,100	6.1%
• Delaware	65,600	61,900	94.4%	3,700	5.6%
• Idaho	134,800	127,300	94.4%	7,500	5.6%
• Virginia	677,200	641,400	94.7%	35,800	5.3%
• New York	1,734,700	1,681,800	97.0%	52,900	3.0%
• Vermont	60,700	59,300	97.7%	1,400	2.3%



California SEIU Case Study: The Situation

SITUATION: Local Union Redirects Pension Fight to Banks

- Communications staff of California Local 521 worked with the International Union's banks campaign recently and succeeded in getting media coverage of their pension plight to also feature their new accountability campaign on a bond "swaps" deal that is costing the city of Menlo Park millions.

These swaps are occurring in cities and states all over the country, and provide an opportunity for us to move from defense to offense on pensions and budget cuts.



California SEIU Case Study: The Background and Problem

Here is the report from Local 521 Communications Director Khan Weinberg:

- **Background:** An anti-worker group successfully collected enough signatures to place on November ballot an initiative that would make new hires come in at a lesser two-tier retirement rate. Any future increases would need to be approved by voters. This is unprecedented for a general law city (as far as we know). SEIU 521 and AFSCME are suing the city on the grounds that the initiative violates CA Constitution.
- **Problem:** Public perception. We are losing the public fight over pension in the media.



California SEIU Case Study: The Strategy

- **Strategy:** Re-direct public anger/[increase] engagement to battle big bad banks. Menlo Park is paying a bank a fixed 4% interest rate on bonds while the bank is paying at nearly 0%. This is the result of “interest rate swapping” – the subject of several state investigations. This bad bank deal is costing the city \$2.5 million a year – and \$37 million by the time everything is paid up.
- This was a long-shot that we could redirect the media. The logical headlines would be: “Unions sue city over pension.” We wanted: “Unions urge city to recover \$2.5 million in bad bank deal.” The media actually followed our “pivot” messaging strategy.
- Local 521’s effort is part of a continuing effort, and the local would welcome any feedback and ideas on “what next.” Contact: khanh.weinberg@seiu521.org
- For a banks toolkit that will help your local try this approach, contact diane.minor@seiu.org

Pension Questions for Political Candidates

Public employees count on a secure pension at the end of their career. For many families in non-Social Security states (see slides 31-32), a public pension is their only source of retirement income. However, the recession has had a major impact on pension plan investments and caused the need for additional funding.

Some political candidates believe there have to be changes in benefits offered. For some, that means changing benefits offered within the defined benefit plans now in existence, creating a two-tiered system. For others, it means increasing contributions required from employers, employees, or both. For other candidates, it means elimination of a defined benefit plan and replacing it with a defined contribution plan, like the 401(k) plans more common among private sector employers.

The following questions could help determine which group this candidate falls into:

- Q: Do you think changes are needed in the pension system for public employees? If so, please describe the specific changes you would support.
- Q. By law, pension funds must be funded. Employees are contractually guaranteed these retirement funds and have sacrificed wages in return for the pensions. Not funding them is not acceptable. What are your ideas for how to sustain public pension plans while they recover from the recent investment loses?
- Q. Are you or have you ever been a member of the American Legislative Exchange Council or any other organization that endorses the privatization of Social Security and conversion of defined benefit pension plans to defined contribution plans?



State Case History: Nebraska

SITUATION:

- Nebraska has offered both DB and DC plans to different groups of public employees and is a textbook case for the advantages of traditional pension plans.
- The state began the DC plan for state and county employees in 1964.
- Teachers, state patrol workers and judges retained their DB plans.
- In 2003 the DC plan was closed to new employees. New employees went into a cash balance plan. Current employees could choose to stay in the DC plan or move to the new cash balance plan.
- By 1999 both Anna Sullivan , Executive Director of Nebraska PERS and AFSCME had many examples of employees making very poor choices:
 1. Majority left their funds in the default fund, which was very conservative.
 2. Many who invested in equities played the market, traded often and continually lost.
 3. Many who retired or quit took a lump sum.
 4. Anna Sullivan declared that the money the taxpayers were contributing were wasted tax dollars compared to tax dollars contributed to the DB plans.

State Case History: Nebraska

SOLUTION:

- A study was proposed to the legislature. The legislature agreed.
 - **Result:** Buck Consultants was retained to do a study on pension adequacy in 2000.
 - The study compared returns for the DB and DC plans and found that between 1983 and 1999, the DB plans yielded an average of 11 percent a year, compared to 6 percent for those participating in the DC plans.
- The Buck study found that the DB plans offered their participants income replacement averaging **60 to 70 percent**.
- The Buck study found that the state and county workers in the DC plans, however, got a benefit of only about **25 to 30 percent** income replacement.
- Over the years, half of all money in workers' DC accounts ended up in the default investments. And though the state offered 11 fund choices to make it easy for workers to diversify their accounts, 90% of the money went into only three funds.
- Additionally, the state required all employees to contribute money from of their monthly paychecks to invest in their retirement accounts (Factoring in state matching contributions, this amounted to 10% to 11% of their income).
- NPERS also tried to help workers learn about the stock market. They could take time off from work to attend day-long educational investment seminars.

State Case History: Nebraska

SOLUTION CONTINUED:

- Anna Sullivan and the PERB Board decided to propose legislation to move all new employees into a cash balance plan and to allow current employees to switch to the cash balance plan.
- **Result:** The bill passed with little opposition in 2002. (Republican majority and a Republican Governor)
 - The factual basis for change was a study done by a respected firm (Buck).
 - At the time, the DB plans were well funded.
 - Anna Sullivan statements that the money the taxpayers were contributing was wasted tax dollars played well.
 - It did not require the state or county governments greater contributions. No additional taxes.
- **Key Players:**
 - Anna Sullivan: Well liked by the Legislature and very supportive of change.
 - The Buck consultant: Said what needed to be said.
 - Legislative Retirement Committee had members who were quite knowledgeable about retirement issues (the NSEA cultivates the members of this committee): They can kill a bill outright or they can vote it onto the floor of the Legislature.
 - Support of the other unions.



State Case History: Alaska

SITUATION:

- In 2005, the Alaska legislature closed its retirement plans for public employees and teachers to new entrants and forced all new employees into defined contribution accounts and also significantly reduced retiree medical benefits. The plan went into effect in 2005. Alaska public employees receive no Social Security so the pension system was the safety net for public workers. The change occurred in swift order and under direct pressure from the White House to close the defined benefit plan.
- The [Alaska Public Pension Coalition](#) (APPC) was created in 2007 to lead the fight to return Alaska's public employees to a defined benefit retirement system.

State Case History: Alaska

SOLUTION:

- The Coalition has sponsored focus groups and public opinion research, written a white papers, “Returning Alaska to a Defined Benefit System: A Benefit for Alaskans and a Savings for the State”, on the importance of returning to a secure retirement system and supported legislation that would once again provide defined benefit plans to public employees in the 2008, 2009 and 2010 legislative sessions.
- The coalition has run print, radio, and television ads, authored op-eds and coordinated letters to the editor. They have mobilized members to attend hearings, lobbied individual legislators and have mobilized statewide to effect the decisions of targeted legislators who have held up hearings and movement on defined benefit legislation. The coalition organized Retirement Security Forums in 2010 prior to the start of the legislative session to draw attention to the need for a secure retirement for public employees. The hearings were well attended by legislators.
- [Alaska Center for Public Policy article](#) supporting Defined Benefit pension plans in the state



State Case Study: Colorado

SITUATION:

- [The Colorado Coalition for Retirement Security](#) was founded in 2006 to respond to efforts to make significant changes to the Colorado Public Employees Retirement Association (PERA), including proposals to make the primary retirement benefit an individual account (similar to a 401(k)). The coalition was re-activated in 2009 to help find solutions to stabilize and sustain PERA following the damage done to the system from the market meltdown of 2008.
- The members of the CCRA include: AFSCME Colorado, American Federation of Teachers Colorado, Association of Colorado State Patrol Professionals, Colorado Association of School Executives, Colorado Education Association, CSPERA - Colorado School & Public Employees Retirement Association, Colorado WINS, Friends of PERA and DPS – Retirees.

State Case Study: Colorado

SOLUTION:

- The CCRA received a grant from the NPPC in 2009 to support research, messaging and strategic analysis in 2009 and 2010. The CCRA also received support from NPPC to prepare members in advance of the PERA listening tour that took place in 2009 in preparation for the 2010 legislative session. The PERA listening tour was designed to re-set expectations and educate stakeholders about the impact of the 2008 market decline on PERA's long-term solvency and the need to make changes to PERA to make it stable and sustainable over time. Prior to the listening tours CCRA worked to educate and mobilize members to attend the PERA listening tour sessions and to ensure that the voices of public employees, retirees and plan beneficiaries were heard at the sessions. Members of CCRA unions and associations very well attended our mobilizations and the PERA listening sessions and many members spoke out at the listening sessions using talking points and information provided at the training sessions. Many of the PERA listening sessions were standing room only. The coalition also held focus groups and completed a public opinion poll prior to the start of the legislative session. Key findings of the poll were shared with legislative leaders.

State Case Study: Colorado

SOLUTION CONTINUED:

- The Coalition worked collaboratively to impact the PERA board's original legislative proposal which included a 2% increase in contributions for employees; a 2% increase in contributions for sponsoring employers, a reduction in the COLA for current retirees and a host of other changes to the system that would require future workers to "work longer, pay more and receive reduced benefits." Through the work of the coalition many aspects of the original PERA board legislation were mitigated and the vast majority of coalitions members were able to support SB 1, which Governor Ritter signed into law on February 23, 2010. The efforts of the CCRA allowed for swift resolution of SB 1 and changes to the existing defined benefit system.
- Following passage of the bill a group of retirees sued the state to challenge the cost of living adjustment for current retirees.



State Case History: New Hampshire

SITUATION:

- The New Hampshire Retirement Security Coalition was created in 2008 to protect the retirement security of New Hampshire public workers who receive pension and health care benefits from the New Hampshire Retirement System (NHRS).
- In 2008, the Coalition worked collectively to oppose the House version of HB 1645 and to modify the Senate version of the bill. The final bill provided a modified COLA for retirees, supplemental payments for retirees, changes to the medical subsidy for retirees, capped annual pensions at \$120,000 for new hires and created two retirement commissions to study long-term solutions for funding retiree health and cost-of-living-adjustments.

State Case History: New Hampshire

SOLUTION:

- During the legislative session the coalition employed a communications coordinator and undertook an information campaign designed to sway legislative and public opinion against both defined contribution accounts and a two-tiered retirement system. The coalition met with editorial boards, authored op-eds, coordinated letters to the editor, mobilized members for hearings and lobbying of individual legislators, held press conferences and lobbied successfully to modify HB 1645 in the Senate. Much of the coalitions work centered on working with Senate leaders to ensure that public employees, retirees and beneficiaries were included in a series of four hearings held prior to the introduction of the Senate bill. These testimonies were used to highlight the negative impact of lowered colas, lack of retiree medical benefits, defined contribution accounts and failure on the part of employees to make contributions to the retirement fund in the past. Feature stories on witnesses were developed.
- Following the legislative session, the Coalition was successful in getting coalition members appointed to the study commissions in leadership roles and successfully fought off additional changes to the retirement system in 2010.

State Case History: New Hampshire

SOLUTION CONTINUED:

- Member unions of the coalition sought legal relief from many of the changes enacted in HB 1645 in 2009 and 2010, these legal challenges are pending. The coalition also received unanimous support in 2010 from both houses of the legislature for union efforts to provide a retiree medical trust. The retiree medical trust will allow current workers to save for retiree health expenses in tax-preferred accounts and will allow individual unions to negotiate with employers to contribute to these trusts on behalf of public employees. Local governments had long opposed efforts by the state to force them to make contributions to retiree health. The medical trust will now take these discussions to the local bargaining table. Without this effort a growing numbers of retirees would receive no retiree health benefit and groups of retirees that formerly had no access to retiree health benefits will now have access to retiree health benefits.
- The NPPC continues to provide support to the efforts of the NHRSC and to individual member unions. New Hampshire member unions and their internationals have supported the NHRSC's efforts financially.

Questions or Comments on Toolkit

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