

January 22, 2005

Governor Arnold Schwarzenegger
State Capitol Building
Sacramento, California 95814

Subject: CalPERS and State Government Employees' Pensions

Dear Governor Schwarzenegger:

I am writing to you today in outrage at your proposals to use the pensions of public servants as a tool to "reform" government. This is a blatant effort on your part to promote in California a national agenda that has two aims: (1) to destroy social programs – most notably Social Security on the national level – that provide a "safety net" for our most vulnerable citizens, and (2) to promote a form of "corporate governance" – government by corporate-owned politicians, for the benefit of corporations.

Privatizing our pension would yield one result only: increasing profits in the private sector at the expense of the financial security of public servants and their families. While you continue raising millions of campaign dollars from "special interests," we "the people" whose interests you touted in campaign promises are left to fend for ourselves.

Here are the consequences of pulling the financial rug out from under people who have devoted their professional lives to public service: an aging population whose living expenses will fall to other government programs to absorb in keeping them off the streets and eating better than cat food. There presently are 1.5 million retired state workers who are able to support themselves without government assistance because they have secure pensions. They are not a "special interest" whose butt is asking to be kicked by you.

You clearly want to destroy CalPERS by starvation – just as the president wants to kill Social Security – through privatization and massive government benefit cuts that only the highest paid, Wall Street savviest, state employee will survive.

The reason? Because CalPERS has been aggressive in (1) pushing for reform in the corporations it invests in, and (2) withholding investment in companies that "outsource" public sector jobs (which undercuts your desire to reduce the size of government). The very success of CalPERS – the reason our pensions have been secure – gives it some power over your corporate contributors, which in turn makes it a target of those of you who do not like government. Do you think that the least among us are undeserving of government protection?

It's time you and the people of California understand that public protection is about more than a standing army and a police force – it's about protecting consumers from being exploited by insurance companies, HMOs, manufacturers; protecting the environment against polluting industries; protecting the most vulnerable citizens from violations of their rights. It is about providing essential services behind counters visited every day by Californians.

I am a 54-year-old attorney who has been in state service – in service to the people of the State of California – since 1986 – for the bulk of my 22-year legal career. As a public protection worker, my income is completely at the mercy of the fiscal health of the government I work for. Because of the salary steps in the state civil service system, after reaching the top of the five merit levels, without a promotion or a pay raise voted on by the legislature and approved by the governor, there are no raises. Since "topping out" in my position 10 years ago, I have had no "merit" salary increases. And promotion to a higher position is not even a possibility until someone in management retires or takes another job (rare in my agency).

Here are the facts:

In 1992, we got an 18-month, 5% salary decrease because of the recession of the early 1990s.

We eventually got the 5% back, and another 3%, then got nothing for five years under Governor Wilson.

We got two small increases under Governor Davis, but then the energy crisis hit in 2000 and we stopped seeing raises.

Meanwhile, the prison guards have enjoyed double-digit increases in pay for most of the years that other state employees got nothing or got vastly smaller wages.

I figure that I am now getting about 30% less than if I had gotten just the minimal "merit" increases over the years.

Let's talk about that energy crisis. At the time, the people of California had no clue of the egregious corporate malfeasance of Enron. We were mystified at the power shortages and skyrocketing prices, having no idea that both were being manipulated by Enron and its competitors. It took a corporate whistleblower's internal memo to begin to educate the public and law enforcement on the crimes being committed at our expense. Even today, California has not received justice, even as Enron's executives have gone to jail one-by-one. What have you done, Governor Schwarzenegger, to recoup California's financial losses from the energy companies that ripped us off? Nothing.

But you want us individually to trust our hard-earned, lower-than-average incomes to the corporate world and Wall Street's vagaries, instead of trusting in CalPERS to continue its wise and profitable management of our money?

At about the time of the energy crisis, a bill was passed by the Legislature in which it was acknowledged that state legal employees in general were being paid vastly less than comparably situated other public employees (county counsel, city attorneys, etc.). In fact, a study had determined that in the Los Angeles area, the pay difference was 22%, and it was 24% in the Bay Area. Remember, that was as compared to other public lawyers, not lawyers in private practice. Despite language stating that any attempt to bring us up to parity would take place over a three-year period and would only occur if there were sufficient funds in the state coffers, Gov. Davis blue-penciled the bill. So when it comes to salaries, "state employees" must be differentiated from all other public employees.

We state workers have been very disciplined, foregoing today's financial rewards for a financially secure retirement. By taking these jobs, working hard, and making sacrifices in order to contribute to PERS, our actions exemplify fiscal responsibility. You want to reward our self-discipline with broken promises.

Since entering the public workforce, we have tolerated every governor's balancing the state budget on our backs by renegeing on promised salary increases and taking away benefits.

Here are a few of the things I personally have done at the California Department of Insurance to protect the public for the last 15 years:

1990-91: I was part of the task force that developed standards for insurers to follow in adjusting insurance claims, after decades of increasingly unreasonable insurer delays and unfair practices;

1991-92: I helped Oakland firestorm victims receive the fire insurance benefits they were entitled to, instead of the lowball offers that were too small to rebuild on;

1993: I helped Malibu, Laguna Hills and Altadena fire victims receive fair fire insurance benefits;

1994-2000, I tried to help Northridge earthquake victims receive fair earthquake insurance benefits

– but was stymied in that effort by corrupt Insurance Commissioner Chuck Quackenbush, whom I then – at the risk of my job, my liberty, and by license to practice law – turned in to the Assembly and Senate Insurance Committees and who resigned from office in July 2000;

2003-04: I now am trying to help people who are disabled from doing their jobs receive disability income insurance benefits they are entitled to from the Unum, Provident and Paul Revere insurance companies, each of whom has been found guilty of mistreating its policyholders by jury after jury nationwide.

In conclusion, Governor Schwarzenegger, I ask that you please not shortchange those of us who have devoted our professional lives to government's work, protecting California's citizens.

Thank you.

Sincerely,

Cindy A. Ossias, Senior Staff Counsel
California Department of Insurance
45 Fremont St., 21st Floor
San Francisco, California 94105-2204

cc:

Insurance Commissioner John Garamendi
CASE (California State Attorneys & Administrative Law Judges in State Employment)
Senator Don Perata
Senator Carole Migden
Senator Jackie Speier
Senator Martha Escutia
Senator Jack Scott
Assemblyman Keith Richman
Assemblyman Mark Leno
Assemblywoman Fran Pavley
Assemblywoman Loni Hancock
Assemblyman Joe Nation
Assemblyman Leland Yee
Sacramento Bee
San Francisco Chronicle
Los Angeles Times
San Jose Mercury News
Fresno Bee
Modesto Bee
Foundation for Taxpayer & Consumer Rights