



California Federation of Teachers
American Federation of Teachers, AFL-CIO

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Educators' Leaders: Teachers' Pensions Are Modest, Fair And Stable

*Necessary as teachers receive NO Social Security Benefits;
Not the cause of fiscal problems, but low taxes on rich, business are*

SACRAMENTO - Teachers and other public employees receive relatively low pay, but can at least count on a secure retirement benefit. In line with conservative attacks on retirement security across the country, various proposals to “reform” California public employee defined benefit pension plans are floating around, including replacing them with defined contribution programs. California Federation of Teachers (CFT) President Marty Hittelman responded to the various proposed pension-cutting plans.

“The rhetoric supporting these initiatives pretends that public employee compensation, including pensions, are an unfair burden to taxpayers; that public employees receive ‘overly generous’ retirement benefits compared to private sector workers; and even that public employee pensions are causing the deficits in the public sector,” said Marty Hittelman, CFT president. “The deficits are actually caused by declining revenues due to the recession and unfairly low taxes paid by the rich and the corporations.”

PERS, STRS, and UCRS are model public pension programs. They return well on their investments; they have strong public oversight; and they perform their central function—keeping people solvent after years of public service—in an efficient manner. They are predictable, dependable, and cost-effective.

Teachers need dependable retirement income. Few people know that teachers do not pay into or draw Social Security unless they work outside teaching; and if they do that, their payments are “offset” by STRS membership. Teachers and other

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school staff should not have to worry about making ends meet after decades of public service.

STRS and PERS benefits are actually quite modest; with the average STRS monthly benefit less than \$2,300 per month, and PERS \$1,752. Various reform proposals would reduce the pension formula and raise the age to qualify for full benefits, and bring in two-tier plans, dividing current workers from new ones.

PERS and STRS have been leaders in shareholder efforts to reduce lavish CEO compensation, and force companies to observe proper accounting procedures and fair labor and environmental practices. “As the first and second largest public pension funds in the country, their shareholder clout has been effective, thus drawing the attacks for several years (e.g., Schwarzenegger’s effort in 2005),” said Dennis Smith, CFT Secretary Treasurer. “Since the market crash and recession, conservative think tanks, foundations and Wall Street-oriented PR firms have been attempting to shift public anger from the irresponsible, wealthy perpetrators of our economic woes to public employees.”

“Retirement security isn’t a privilege. It’s a right, and everyone should have it. ‘Lavish’ describes CEO buyouts and golden parachutes, regardless of performance—not worker pensions,” said Hittelman. “If the market performs properly and restores value in the pension funds, and if the rich and corporations pay their fair share of taxes, there would be no problem with ‘unfunded liabilities’ of public pensions.”

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