

# The Sacramento Bee

CAPITOL ALERT

## CalPERS wants broke cities to deliver bad news to out-of-luck pensioners

By Adam Ashton

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The California Public Employees' Retirement System would like someone else to deliver the bad news when local governments quit paying their bills and put a retiree's pension in jeopardy.

CalPERS at a three-day meeting that begins today plans to propose a new law that would compel public agencies to notify their employees and retirees when a local government decides to separate from the \$343 billion fund.

The proposal aims to clear up a process that left more than 200 public workers and retirees from the tiny Sierra County [town of Loyalton](#) and a Los Angeles County organization in the dark for months after their former employers stopped paying their CalPERS bills.

Those workers from Loyalton and the [East San Gabriel Valley Human Services Consortium](#) became the first CalPERS members to lose a share of their pensions because of their employers' failure to keep up with bills.

In both cases, retirees blamed CalPERS for the benefit cuts at public meetings. CalPERS leaders pointed back to the local governments and argued that they could not let the agencies off the hook without weakening the overall fund.

"Here are prime examples of local elected officials setting up organizations that aren't paying what they're obligated to pay CalPERS," board member **Richard Costigan** said at a February meeting.

The legislation CalPERS wants to sponsor in the Legislature's next session would require local governments to tell employees and retirees of the employer's intent to separate from the pension fund within seven days of deciding to quit.

By contrast, it took 19 months for CalPERS to inform former employees of the Los Angeles County organization that their employer had stopped paying its bills. CalPERS during those months tried to negotiate with representatives of the defunct organization, but neither side reached out to the former workers.

"The employees weren't advised of this impending disaster for their pensions," **Al Darby**, vice president of the Retired Public Employees' Association of California, said in March when CalPERS voted to cut pensions by up to 63 percent for former employees of the East San Gabriel Valley Human Services Consortium.

CalPERS now contacts retirees from delinquent organizations within 60 days, which gives them more time to lobby their organizations to either stay in the fund or make large exit payments that would protect pensions.

The pension fund's proposed bill has a couple of other features that would shorten the separation process for agencies that choose to quit CalPERS and compel local governments to tell their employees if they're considering breaking with the fund.

The CalPERS Board of Administration is scheduled to take up the proposal during a busy round of meetings that will also feature a discussion of how much the agency pays in private equity fees and a workshop on how the pension fund should divvy up its assets among stocks, private equity and other investments.

**BofA at BOE with \$\$\$ on the line:** The Board of Equalization begins a three-day, marathon meeting in Culver City on Tuesday that will mark its penultimate session as California's top tax court. The Legislature stripped the agency of [most of its powers in June](#), including the authority to overrule the tax collectors at the Franchise Tax Board.

The meeting kicks off with a question over how much money in taxes Bank of America owes on the \$581.6 million it earned in dividends from its stake in the China Construction Bank Corporation in 2008. Come January, Bank of America would have to take a decision like that to professional tax judges in the not-yet-functioning Office of Tax Appeals.

For its part, the BOE gets one more crack at settling tax disputes next month.

**The road to 2018:** The batch of four Democrats vying to unseat Republican Rep. **Tom McClintock** from his solid red congressional district is gathering Thursday in South Lake Tahoe for a debate sponsored by the El Dorado County Democratic Party. They'll face off at 6 p.m. Thursday at Lake Tahoe Community College.

In Modesto, **Sue Zwahlen**, one of the eight Democratic challengers to Republican Rep. **Jeff Denham**, is holding a fundraiser on Wednesday hosted by former Democratic Congressman **Tony Coelho** and former Assemblyman **Sal Cannella**. Zwahlen, a Modesto City Schools Board of Education member, is trying to catch up to fundraising leaders **Josh Harder** and **T.J. Cox** for the Democratic primary in the 10th Congressional District.

Happy birthday to Sen. **Andy Vidak**, R-Hanford. He's 52 today.