

Pension payments are starving basic city services

The Governmental Accounting Standards Board is implementing new rules that require governments, for the first time, to report unfunded pension liabilities on their 2015 balance sheets. This sticker shock should create new urgency for meaningful pension reform.

A recent study put the unfunded pension liability for all state and local governments at \$4.7 trillion. For too long, pension fund officials and politicians have increased payouts and low-balled contributions. As a result, they now have insufficient funds to pay the promised benefits. Accounting gim-



BY LAWRENCE J. MCQUILLAN
Special to The Bee

micks have hidden the true cost from the public, which is now on the hook to make up the difference between pension promises and assets.

Illinois and New York have unfunded pension debts north of \$300 billion each, while New Jersey, Ohio and Texas ex-

ceed \$200 billion apiece. But nowhere is the problem worse than in California, which accounts for \$550 billion to \$750 billion of the total, depending on the calculation.

The Golden State reveals the damage from long-term financial mismanagement of pension systems. For example, Ventura County's pension costs have gone from \$45 million in 2004 to \$162 million in 2013. Overall from 2008 through 2012, California local governments' pension spending increased 17 percent while tax revenue grew only 4 percent. As a result, a larger share of budgets

goes to pensions, crowding out spending on core services such as police.

In San Jose, the police department budget increased nearly 50 percent from 2002 through 2012, yet staffing fell 20 percent. More money has been consumed by police pensions, leaving less money to hire and retain officers.

In Oakland, police officers were given the option in 2010 to contribute 9 percent of their salary into their pensions and save 80 police jobs, or keep paying nothing into their pensions and see 80 jobs eliminated. The police union voted to continue paying nothing. Now the

department refuses to respond to 44 different crimes because of the staffing cutbacks. Any pension system that forces this trade-off is immoral by threatening life and property.

Skyrocketing pension costs also crowd out other quality-of-life services. Public libraries, parks and recreation centers are shortening their hours or closing. Potholes go unfilled, sidewalks unrepaired and trees untrimmed. A new pension rate hike for California's local governments will cost the city of Sacramento \$12 million more a year - the equivalent of cutting 34 police officers, 30 firefighters and 38 other employees.

California's vested rights doctrine locks local governments into pension benefits for life on the day they hire an employee. They cannot modify pensions, forcing them to cut core services or declare

bankruptcy, as happened in Vallejo, Stockton and San Bernardino.

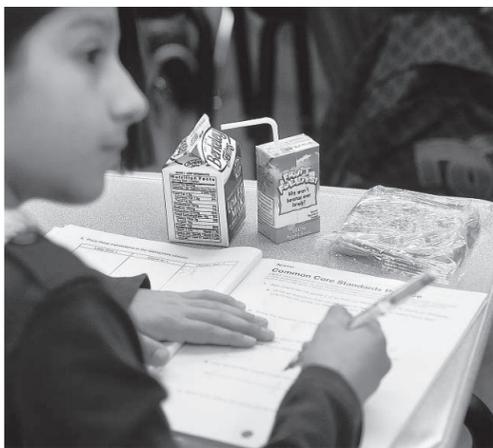
Fortunately, it's not too late to stop this death of communities by a thousand cuts. Former San Jose Mayor Chuck Reed is leading an effort to craft a statewide pension-reform ballot measure in 2016. One needed change is to give state and local governments the option of adjusting future pension benefits for all employees, including a switch to 401(k)-type plans, which are more affordable and always fully funded.

Swelling pension costs are like tapeworms, starving the public of municipal services. The new accounting rule will provide needed transparency, but action must follow.

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Students need breakfast to learn

When you're the governor's fiscal adviser, you see plenty of ideas come across your desk. Many are well-intentioned and would result in a modest benefit for Californians and the state's economy. But on occasion, a proposal makes such good sense that it should be seriously considered.



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Lizbeth Vargas eats breakfast while working at her desk at White Rock Elementary School in Rancho Cordova. Advocates want to offer breakfast after school starts.

reality that 4 in 10 families aren't able to provide their children with a nutritious breakfast because of hectic schedules or financial roadblocks. More than 4.3 million California children miss out on breakfast at school. Most schools either do not serve breakfast at all or only serve it very early in the morning, when many kids have yet to arrive.

A large body of research has shown that students who miss breakfast have a

harder time concentrating, are more likely to misbehave and don't perform as well on tests. That's on top of the negative physical and mental health effects of being hungry for at least half of the day. All of these outcomes lower the return on taxpayers' investment in education.

One solution is for schools with the most disadvantaged students to serve breakfast after the start of the school day.

According to a recent study we prepared for California Food Policy Advocates, it's a bargain.

For decades, the federal government has provided schools with more than \$1 per breakfast served to low-income students. The state pitches in about 22 cents per meal.

If we were to increase the number of students who eat breakfast by 10 percent, schools would receive an additional \$40.2 million in federal funds - nearly nine times more than the state cost of less than \$4.8 million.

There's another upside to expanding school breakfast. The additional federal money would also generate new economic activity as schools hire staff, buy equipment and purchase food. Those workers and businesses would then spend money at California businesses.

As a result, the state would gain \$42.7 million in economic activity, nearly 1,000 new jobs and \$2.7 million in new tax revenue a year, offsetting most of the initial state cost. And that's without counting the long-term fiscal benefits associated with better health and higher academic achievement.

As a public policy, that's hard to beat.

Tim Gage, former director of the state Department of Finance, is principal and co-founder of the Blue Sky Consulting Group.

More chaos on immigration

SAN DIEGO - This week, a three-judge panel of the 5th U.S. Circuit Court of Appeals upheld U.S. District Judge Andrew Hanen's injunction against President Barack Obama's executive moves on immigration. Here are the five most important takeaways.

● The media need to stop calling what Obama issued an "executive order." It's not. Deferred Action for Parental Accountability (DAPA) is merely a series of executive

blind eye to the real problem: U.S. citizens who employ illegal immigrants. Among the states that sued and hypocritically want to have their immigration cake and eat it too are Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Nebraska, Nevada, Texas and Wisconsin.

● By focusing on the financial burden on states, and the requirement that the executive branch give prior notification to the legislative branch before undertaking such actions on immigration, the courts skirted the main objection of conservatives: the claim that Obama exceeded his authority under the Constitution. That's probably because the White House is on firm legal footing on that question. It seems like just yesterday that House Speaker John Boehner and other Republicans in Congress - when hammered by Hispanics for record numbers of deportations - ran for cover by pointing out that the president is in charge of removing people. How right they were. So now these same Republicans want to argue that a president can't use his discretion to stop deporting people? The GOP can't pass the buck, and then yank it back when it's convenient.



BY RUBEN NAVARRETTE
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utive actions and bureaucratic adjustments that would have allowed for certain groups of illegal immigrants - for instance, the undocumented parents of U.S.-born children - to apply for temporary deferred status and a three-year reprieve from deportation. An executive order would have had the force of law and become a more lasting part of Obama's legacy.

● The numbers involved were a big part of what tripped up Obama's plan. We were told that an estimated 5 million undocumented immigrants could qualify for DAPA. The last "amnesty" passed by Congress - the 1986 Immigration Reform and Control Act - granted permanent legal status to only about 3 million. Confronted with an even larger figure this time around, albeit for merely deferred status, conservatives went ballistic and said crazy and hateful things. This was likely the reaction the White House hoped for.

● As for the alleged burden on the states, the courts - as long as they were diving headfirst into public policy - never bothered to ask why it was that some states would be more likely to suffer than others. The answer is that illegal immigration is a self-inflicted wound, and there is only one reason the states that brought the lawsuit are home to so many illegal immigrants. It's because they have prospered for years thanks to cheap labor in the agricultural, construction, restaurant and hotel industries and turned a

● This whole rhetorical shoving match over DAPA, like the one that preceded it over a program that granted two years' worth of deferred action to young people, has been a terrible distraction from the real issues in the immigration debate. They include Obama's broken promises, his record number of deportations and his half-truths. Add to that the GOP's failure to propose immigration reform solutions, and its cowardly refusal to confront racists and other extremists within its ranks.

That's quite a maneuver. Obama proposes something that is too big not to fail, and Republicans predictably make a fuss. In the ensuing chaos, both parties are off the hook and this issue gets kicked down the road. All at the expense of the American people who - despite the huffing and puffing - still have a broken immigration system and, as we have long suspected and has now been confirmed, a political system that isn't exactly humming along either.

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BY TIM GAGE
Special to The Bee

For me, good public policy satisfies three criteria. It significantly improves people's lives. It puts no undue burdens on taxpayers. It boosts the state's economy.

Increasing participation in the school breakfast program would meet all three of these criteria handily.

It is an unfortunate

Anesthesia bill puts patient safety at risk

When it comes to anesthesia during surgery and other procedures, you expect the most qualified professional overseeing your care. Assemblyman Sebastian Ridley-Thomas apparently has a different point of view, and the

These assistants are trained to depend on a supervising specialist anesthesiologist, who might not be immediately available to help with emergency decisions if they are busy supervising several other assistants. This could place patients at risk.

While anesthesia is commonplace today, most people don't understand the complexities that make it so challenging. It's not a simple matter of just putting patients to sleep. Instead, it requires providing a precise combination of drugs intravenously or through inhaled gases, often in combination with local anesthetics to numb specific parts of the body. The patient needs constant, vigilant monitoring - something which should only be performed by a highly trained professional.

Anesthesiologists and certified registered nurse anesthetists are those highly trained professionals. Today, in addition to more than 7,800 anes-

siologists, there are more than 2,200 California nurse anesthetists licensed and regulated by the state. In seven counties, they provide 100 percent of anesthesia services. They are more cost-effective than anesthesiologists, require no physician oversight, and have the rigorous education, training and experience needed to make decisions in the operating room that ultimately reduce health care costs. Disturbingly, however, up to 40 percent of graduates of California nurse anesthetist programs are unable to find a job in the state.

In the entire country, there are only about 1,800 anesthesiologist assistants licensed in only 14 states. Their lesser experience and training are a key factor in the limited role they play. They are not required to have any health care experience prior to beginning their training, and they are not educated to exercise independent judgment.

AB 890 does not re-

quire the assistants to have a California license, nor does it establish any oversight, which is critical to protect patient safety and ensure a high level of professional conduct. The bill would also cost the state money because two anesthesia providers - one an expensive physician specialist - must be educated to utilize this outdated medically directed model.

Advanced practice nurses, registered nurses, retirees and labor groups oppose this legislation, stating that anesthesiologist assistants would drive up health care costs rather than reducing them as the author of the bill has claimed.

Simply put, AB 890 is bad medicine for Californians.

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Special to The Bee

measure he is proposing - Assembly Bill 890 - may threaten the quality and safety of anesthesia care for all Californians.

This misguided bill would expand the highly intricate field of anesthesiology by allowing anesthesiologist assistants to practice in California.