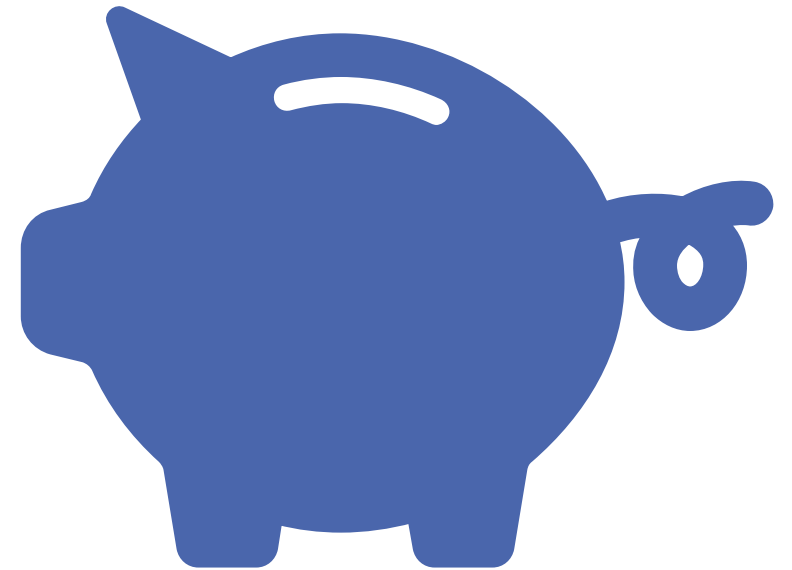


**PENSION 103:
THE PLAN TO
DEFEND OUR
PENSION**



IFPTE LOCAL 21, OCTOBER 2018

Pensions 101

- Most important thing: a plan to fund the pension over time
- Increasing new hires and improving investment performance
- We don't have to cut benefits to make the pension sustainable

Pension 102

- Wall Street backs the attacks on pensions
- They have the money, but we have the people power
- When we fight back, we win

SUMMARY FROM 101 AND 102

THE PLAN TO WIN

1

Talk to our
coworkers

2

Elect Pension
Advocates

3

Improve
staffing

4

Increase
Revenue


5

Fight for a
fair contract

STEP 1: STARTING THE CONVERSATION

- Winning in bargaining and winning politically will take PEOPLE
- It will take leadership to get through a 5 step plan
- Union members need to:
 - Understand what's at stake
 - Understand why the pension is worth protecting
 - Be willing to take action



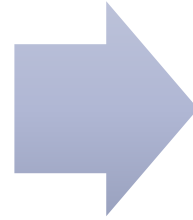


STEP 2: ELECTING PENSION ADVOCATES

RETIREMENT BOARD & CITY COUNCIL

Seven Members

- Four members of the public appointed by City Council
- Two members are city employees
- One retiree representative
- City employee representatives are currently not union members



Chuck Reed pushed for changes to the board in 2010

- More outside board members
- Believed that union members and elected officials had “conflicts of interest”

RETIREMENT BOARD

PUBLIC BOARD SEAT REQUIREMENTS

Eligible Experience (at least 12 years)

- Senior executive in pension administration
- Pension actuarial practice
- Institutional investment management
- Auditing
- Accounting
- Legal
- Health and welfare and/or employee benefits management
- Investment management
- Banking
- Asset/liability management for an insurance company
- University professor

Ineligible

- Current and former city employees
- Current or former elected or appointed city officials
- Retirees
- Union representatives
- Family members of retirees

PUBLIC MEMBERS



SILICON VALLEY
VENTURE CAPITAL
FUND MANAGER

HEDGE FUND
FOUNDER



FINANCIAL
ANALYTICS FIRM
OWNED BY IBM



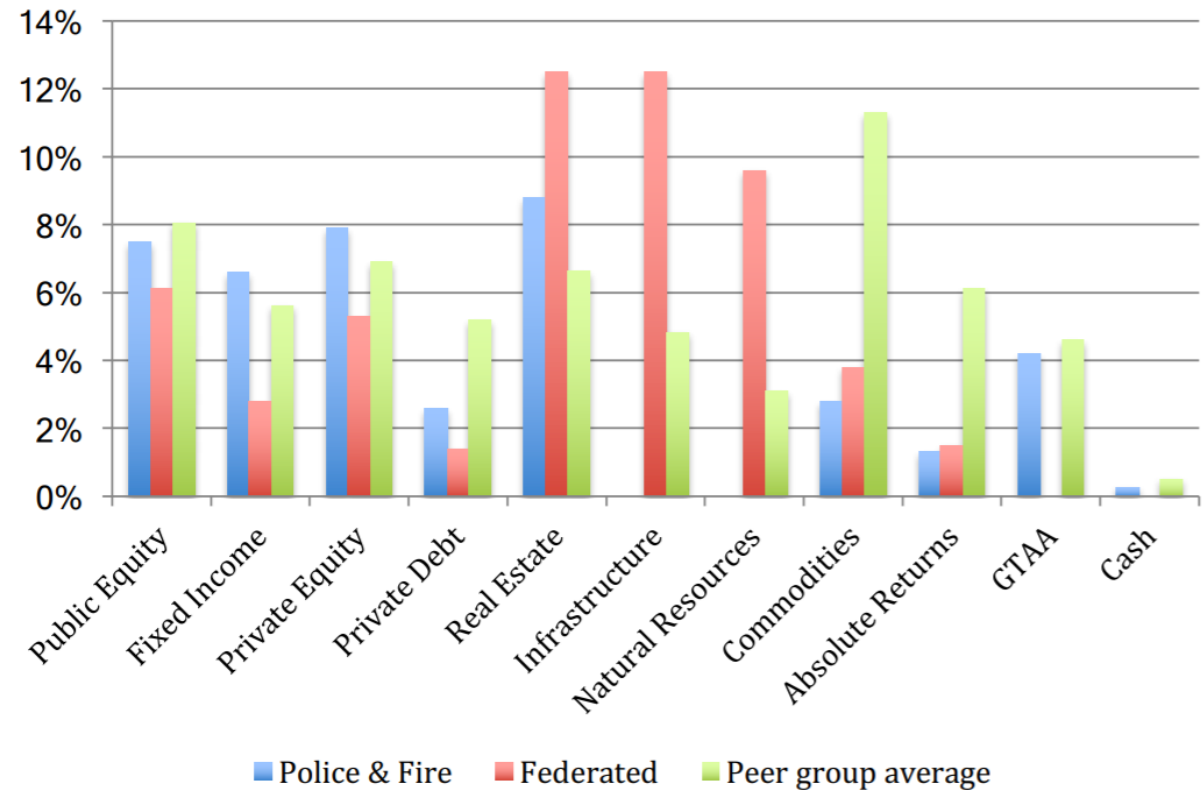
FINANCIAL
LITIGATION
CONSULTANT &
ANALYST



**IS ALL
THAT
OUTSIDE
EXPERTISE
BRINGING
HIGHER
RETURNS?**

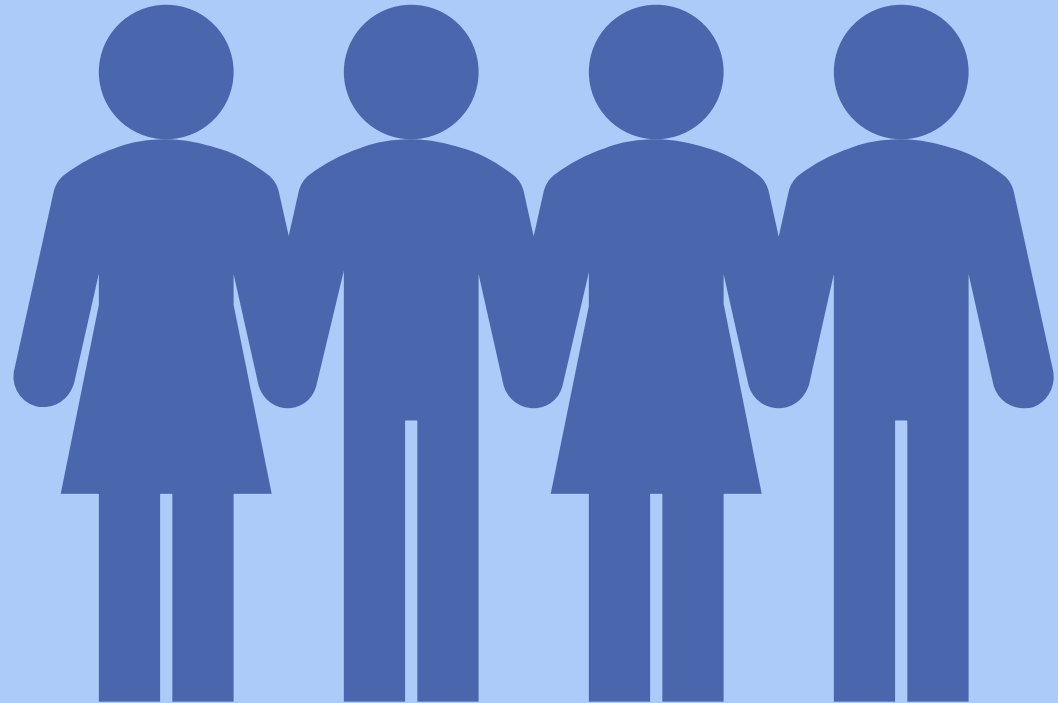
**Stanford Study based on 2016 Federated plan
underperformed benchmark by 1.7% overall**

Figure 6 – Asset Class Returns of San Jose Plans Compared with Peer Group



SO WHAT CAN WE DO?

- Get union members on the board
- Identify community leaders for public seats that are pro-pension experts
- Change the rules



CITY COUNCIL SEATS EXPIRING IN 2020



Johnny Khamis, District 10

Ph: (408) 535-4910

[Current Calendar](#)

[Archived Calendar](#)

[District Events](#)

[Email](#)

Term Expires: 12/31/20

Chief of Staff: [S. Connolly's](#)

[Calendar](#)

[Archived Calendar](#)

[Website](#)



Sylvia Arenas, District 8

Ph: (408) 535-4908

[Calendar](#)

[District Events](#)

[Email](#)

Term Expires: 12/31/20

Chief of Staff: [P. McGarrity's](#)

[Calendar](#)

[Website](#)



Sergio Jimenez, District 2

Ph: (408) 535-4902

[Calendar](#)

[District Events](#)

[Email](#)

Term Expires: 12/31/20

Chief of Staff: [V. Sandoval's](#)

[Calendar](#)

[Website](#)



Lan Diep District 4

Ph: (408) 535-4904

[Calendar](#)

[District Events](#)

[Email](#)

Term Expires: 12/31/20

Chief of Staff: Vacant

[Website](#)



Devora "Dev" Davis, District 6

Ph: (408) 535-4906

[Calendar](#)


[Email](#)

Term Expires: 12/31/20

Chief of Staff: [M. Groen's](#)

[Calendar](#)

[Website](#)



STEP 3: IMPROVING PUBLIC SERVICES & PENSION SUSTAINABILITY

**FILLING VACANCIES AND
TRANSITIONING PART TIMERS TO FULL
TIME**

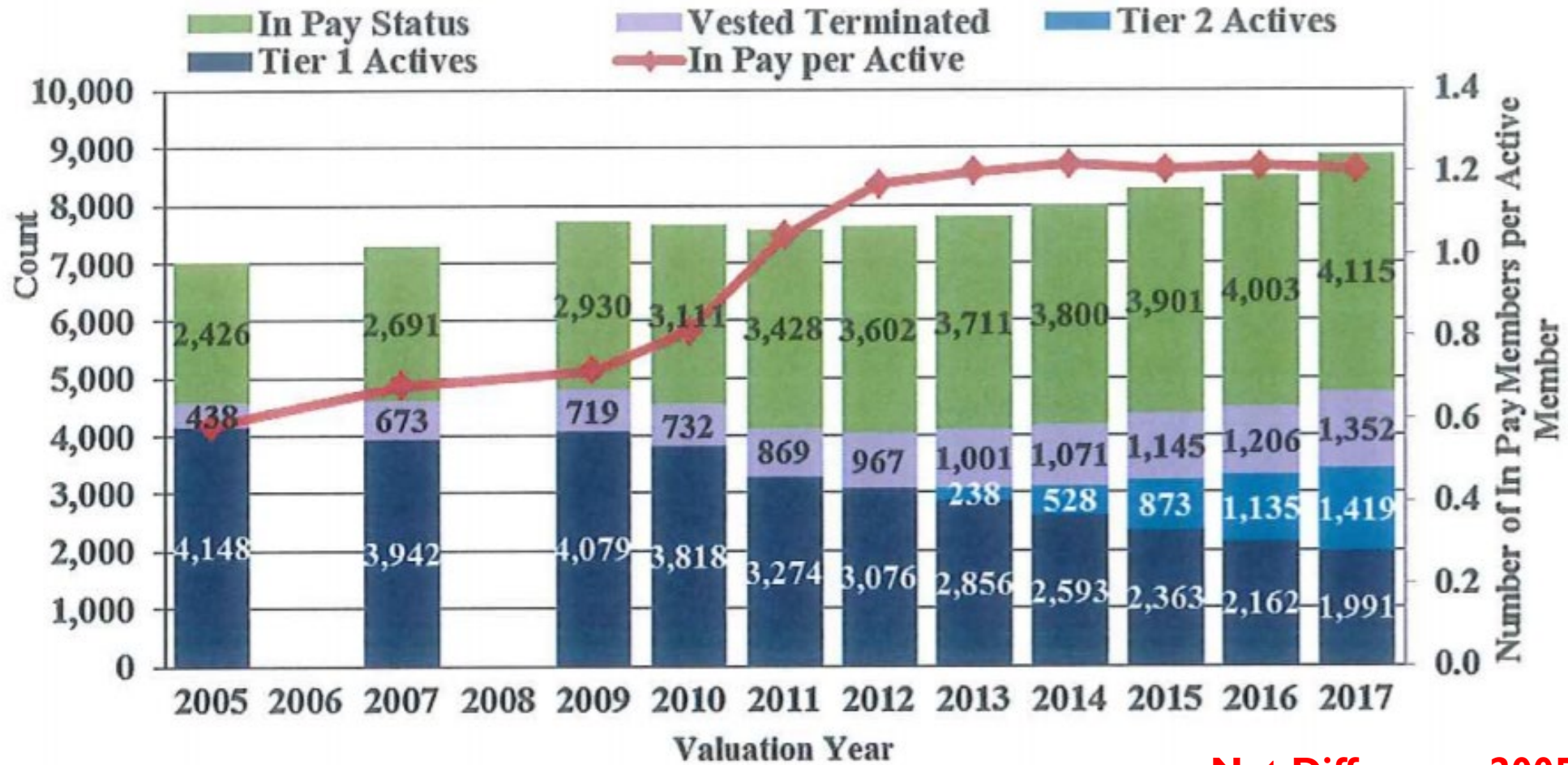
VACANCIES AND PART TIME

High ratio of retirees to
actives = conservative asset
allocation = lower returns

But more importantly...

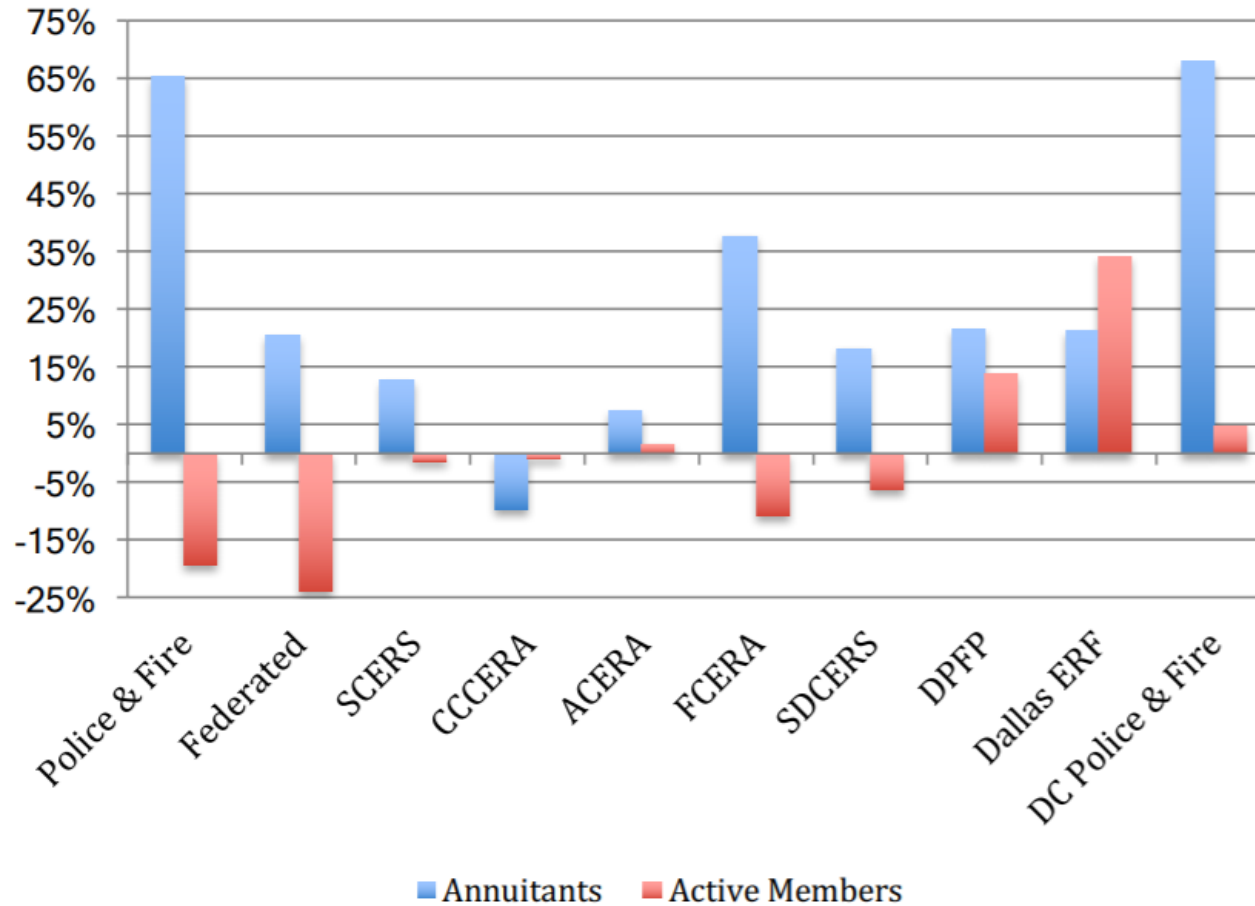
**High number of
vacancies & part-timers
= fewer public services**

Historical Membership Counts



**Net Difference 2005 – 2017:
Loss of 738 Public Sector Jobs**

Figure 8 – Change in Annuitants and Active Members of Peer Group (2006-2016)

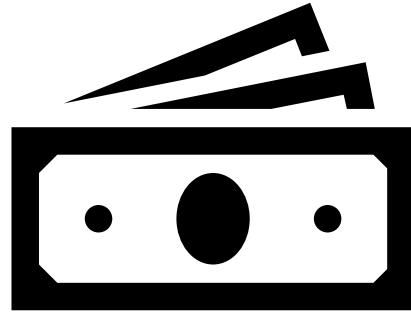


Source: Comprehensive Annual Financial Reports.

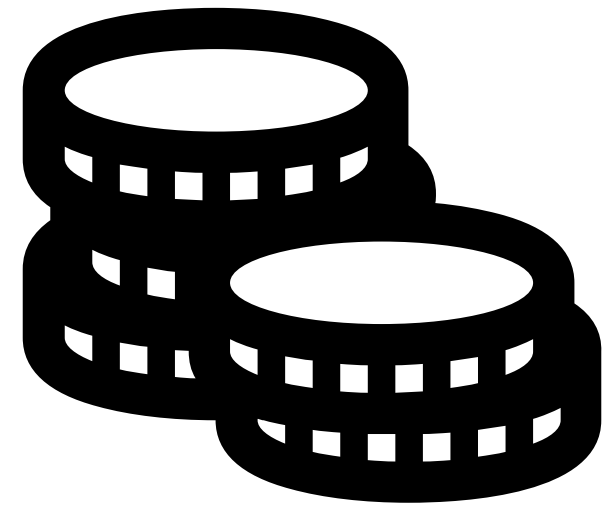
**Active
Employee
Loss of 25%
since 2006**

A decorative graphic on the left side of the slide, consisting of a light blue area with a dark blue wavy border that resembles a stylized coastline or a liquid splash.

STEP 4: REVENUE



**IT WAS AN EXCELLENT
YEAR FOR REVENUE
MEASURES...**



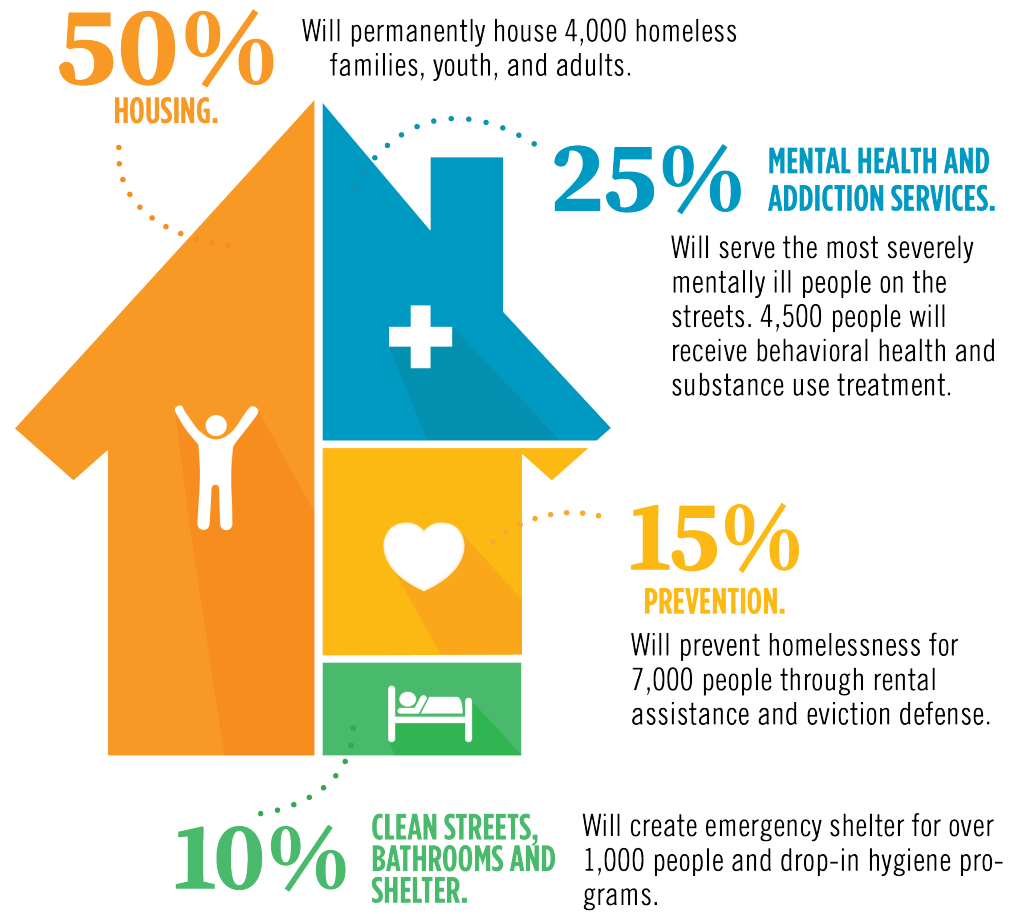
Revenue Measures 2018	Passed?	Annual Revenue Projection
San Francisco		
Prop C - Increased tax on businesses with over \$50 Million in Gross Receipts	YES	\$300 Million
Oakland		
Tax on Vacant Properties	YES	\$10 Million
Graduated Real Property Transfer Tax	YES	\$9 Million
Berkeley		
Graduated Real Property Transfer Tax	YES	\$6-\$8 Million
Hayward		
Real Property Transfer Tax Increase	YES	\$13 Million
Union City		
Designate the City as a Charter City and Implement Real Property Transfer Tax	YES	\$5 Million
Richmond		
Graduated Real Property Transfer Tax	YES	\$2.5-\$4 Million
Palo Alto		
Increased Hotel Tax	YES	\$2.5 Million
Sunnyvale		
Increased Hotel Tax	YES	\$2.9 Million
Mountain View		
Graduated Per-Employee Business Tax	YES	\$6 Million
Milpitas		
Increased Hotel Tax	YES	\$5.2 Million

**OUR CITY OUR
HOME TAX,
SAN
FRANCISCO**

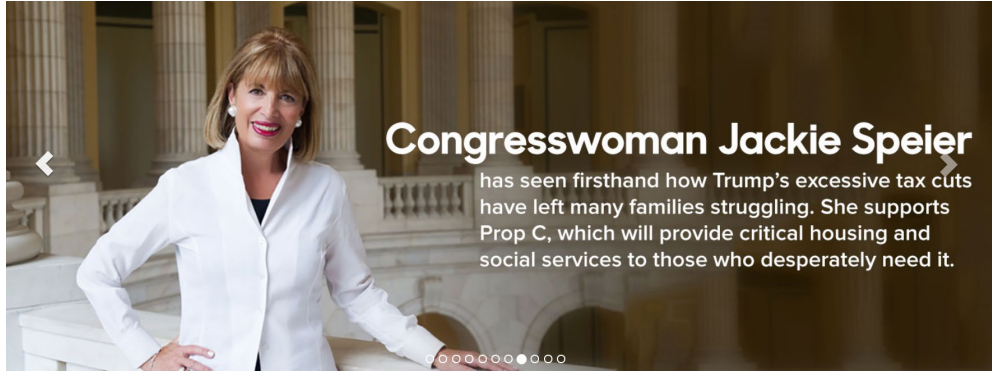
Raises taxes on the biggest businesses in San Francisco with Gross Receipts of over \$50 Million

\$300 Million in additional revenue from the new tax

Plus secures existing funding for homelessness services, effectively doubling the budget.

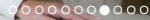


100% ACCOUNTABILITY AND OVERSIGHT. The Our City Our Home Oversight Committee is a panel of nine experts created to hold the city accountable to visible and equitable outcomes with this funding.



Congresswoman Jackie Speier

has seen firsthand how Trump's excessive tax cuts have left many families struggling. She supports Prop C, which will provide critical housing and social services to those who desperately need it.



House Democratic Leader and Congresswoman

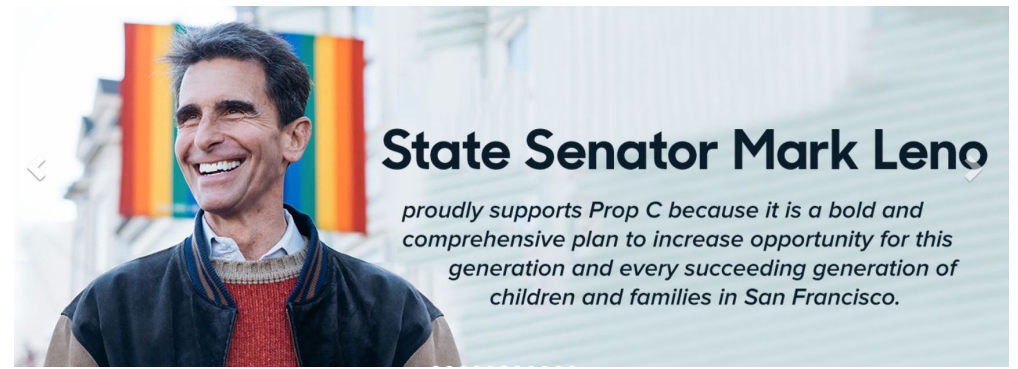
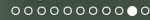
Nancy Pelosi

"Throughout my service in Congress, I have fought for San Francisco's innovative and compassionate solutions for addressing homelessness and housing insecurity. Proposition C is an important and visionary step forward for the people. I urge San Franciscans to vote Yes on Prop C."



Assemblymember Phil Ting

"For too many years, families, youth and working people in San Francisco have been unable to find affordable places to live. Our neighbors have witnessed those struggling with mental illness and drug addiction suffer, without sufficient options for treatment. With Proposition C, we have the opportunity to truly turn this crisis around by working together."



State Senator Mark Leno

proudly supports Prop C because it is a bold and comprehensive plan to increase opportunity for this generation and every succeeding generation of children and families in San Francisco.





**PROP 13 REFORM:
THE OTHER BIG
THING ON THE
BALLOT IN 2020**



33 Labor
endorsements
44 elected officials
at the local, state,
and national level
Over 130 non-
profits and
community
organizations



LOCAL GOVERNMENTS SUPPORTING PROP 13 REFORM

WHAT WAS PROP 13?

- Approved in 1978 by two-thirds of California voters
- When a property is sold, tax is 1% of assessed value and can only be increased by a maximum of 2% per year
- Assessed value at point of sale is basis of the tax, not market rate
- Effectively decreased tax rates by 57%
- Took local funding control away from cities

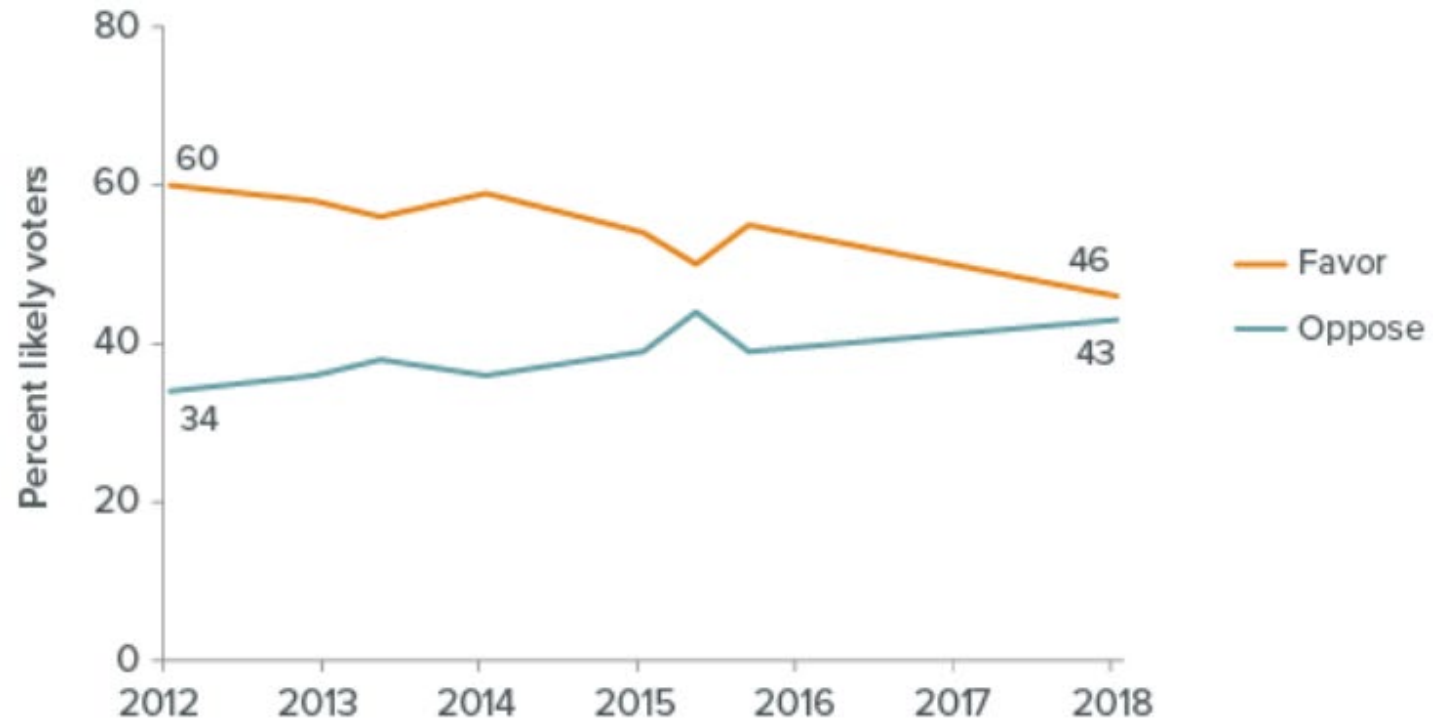


WHAT ARE THE PROPOSED REFORMS?



Estimated Revenue Gains by County, 2019-20 (millions)					
County	Estimate Range	Mid Estimate	County	Estimate Range	Mid Estimate
ALAMEDA	523.9 - 583.9	553.4	PLACER	58.3 - 66.5	62.4
ALPINE	.2 - .2	0.2	PLUMAS	3.8 - 4.3	4.1
AMADOR	2.4 - 2.9	2.7	RIVERSIDE	314.6 - 356.7	335.3
BUTTE	15.0 - 17.5	16.3	SACRAMENTO	134.2 - 155.5	144.7
CALAVERAS	2.3 - 2.7	2.5	SAN BENITO	5.8 - 6.5	6.2
COLUSA	4.0 - 4.4	4.2	SAN BERNARDINO	387.5 - 438.2	412.4
CONTRA COSTA	329.5 - 366.7	347.8	SAN DIEGO	800.1 - 898.4	848.4
DEL NORTE	1.4 - 1.6	1.5	SAN FRANCISCO	795.4 - 877.7	835.9
EL DORADO	16.1 - 18.4	17.2	SAN JOAQUIN	84.0 - 96.1	90.0
FRESNO	106.7 - 120.4	113.4	SAN LUIS OBISPO	54.8 - 61.8	58.2
GLENN	3.2 - 3.5	3.3	SAN MATEO	559.5 - 615.7	587.2
HUMBOLDT	20.8 - 23.2	22.0	SANTA BARBARA	122.7 - 137.4	129.9
IMPERIAL	14.4 - 16.3	15.3	SANTA CLARA	1,011.4 - 1,121.3	1,065.5
INYO	6.8 - 7.9	7.3	SANTA CRUZ	43.5 - 48.7	46.1
KERN	105.4 - 119.1	112.1	SHASTA	18.6 - 21.3	19.9
KINGS	15.6 - 17.6	16.6	SIERRA	.1 - .1	0.1
LAKE	1.7 - 2.1	1.9	SISKIYOU	4.5 - 5.2	4.9
LASSEN	1.3 - 1.5	1.4	SOLANO	57.6 - 66.2	61.8
LOS ANGELES	3,443.8 - 3,826.9	3,632.2	SONOMA	109.0 - 122.0	115.4
MADERA	10.4 - 12.1	11.2	STANISLAUS	43.6 - 50.2	46.8
MARIN	67.1 - 75.1	71.0	SUTTER	13.3 - 15.0	14.1
MARIPOSA	1.9 - 2.2	2.1	TEHAMA	6.3 - 7.0	6.6
MENDOCINO	25.8 - 29.0	27.4	TRINITY	1.4 - 1.6	1.5
MERCED	29.5 - 33.2	31.4	TULARE	30.1 - 35.2	32.6
MODOC	.3 - .4	0.4	TUOLUMNE	5.6 - 6.4	6.0
MONO	2.0 - 2.5	2.2	VENTURA	163.0 - 183.2	172.9
MONTEREY	61.9 - 70.6	66.2	YOLO	25.2 - 29.2	27.1
NAPA	62.9 - 70.7	66.7	YUBA	7.1 - 7.9	7.5
NEVADA	15.8 - 17.8	16.8	Total	10,778.8 - 12,031.3	11,394.7
ORANGE	1,025.3 - 1,145.4	1,084.4			

Support for a “split roll” property tax



SOURCES: PPIC Statewide Surveys, January 2012—January 2018.



STEP 5: NEGOTIATIONS

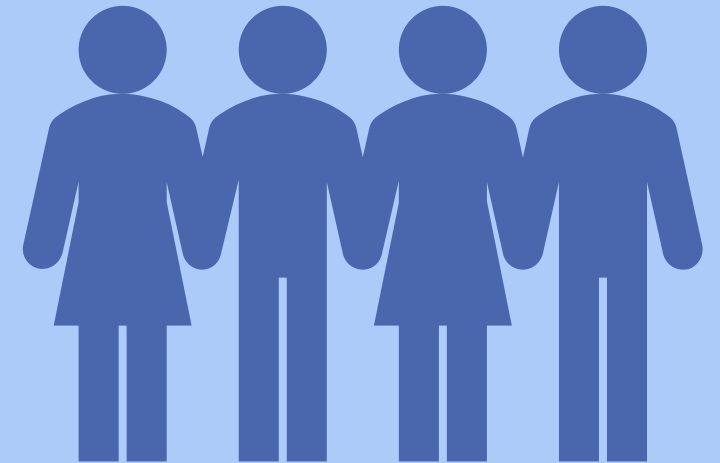
We go back
to the table
in 2021

They may
come back
asking for non-
pensionable
wages

We need to
be ready and
we need to
be strong

WHAT DO YOU THINK IT WILL TAKE TO WIN?

- We need to talk to *all union members*. We're in this together.
- Leadership on the pension board. We'll need volunteers!
- Build our political capacity:
 - Canvassing and door-knocking team
 - Education for City Council Members on our Platform
- Volunteers for labor management committees to push for filling vacancies:
 - Should be the departments most impacted



DISCUSSION

