

# San Diego officials to fight ruling against pension cutback

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The San Diego City council voted unanimously earlier this month in a closed session to appeal a state labor board ruling that struck down a right-wing pension “reform” bill from 2012. On December 29, the Public Employment Relations Board (PERB) ruled that the city had to retroactively pay back about 2,000 employees who have been hired since the pension cuts went into effect.

Proposition B, as the pension bill was called, switched the city’s defined-benefit pensions to 401(k)-style retirement plans for most new non-police workers. The ballot initiative was approved after former mayor Jerry Sanders used his office as a “private” citizen to gather 116,000 signatures to place the measure on the 2012 ballot. The use of city employees to gather signatures for private citizens was considered illegal, and the city failed to get the approval of the city’s trade unions to sign off on Prop. B, according to the PERB.

For his part, City Attorney Jan Goldsmith told the *San Diego Union-Tribune* that the PERB ruling gave the unions “the power to thwart the public’s will,” adding, “The people’s right to initiative is guaranteed by the California Constitution. This right cannot be bargained away in a back room, or stolen from the people by a government agency.” In this case, “initiative” means stealing money from workers who toil their whole lives for a decent retirement.

California’s Fourth District Court of Appeal is now scheduled to hear the case. The board’s ruling would now require San Diego to pay back thousands in matching pension contributions over the last three years since the ballot initiative was passed. In addition, the city would have to pay workers 7 percent interest as well as attorney’s fees.

Michael Zucchet, general manager of the Municipal

Employees Association, told the *Union-Tribune*, “The city’s bill is going to keep accumulating with interest and it will only get more expensive if they keep filing appeals.” Zucchet said that the cost of paying back the newly hired workers would be in the millions. “I don’t know whether it’s \$5 million or \$500 million, but if I had to guess I’d say it’s somewhere in the \$100 million range,” he said.

While the trade unions have struck a tone of opposition to pension cuts, they are not against reducing pensions in principle. Their position has always been to get a seat at the table with city officials, Democrat or Republican, offering their services to keep their memberships in line and facilitate the passage of austerity measures. This has been the preferred method of the Obama administration at the national level, using the unions to administer cuts while the Republicans seek more extra-legal ways to achieve the same ends.

This is why Zucchet was quoted by the *KUSI News* as saying he agrees with city officials over how to comply with the new ruling, saying, “We think the council would continue to follow the city attorney’s dismissive view of PERB at the city’s own risk, and we think a better course is to sit down and figure out how to resolve this dispute rather than continuing the uncertainty for both the city and its employees.”

Whichever side wins the appeals process, a five-year pay freeze will remain in place on pension pay. Even though this provision was revealed around the same time as Proposition B, it was agreed to by the unions and not included in the ballot proposal.

San Diego’s budget deficit is estimated to be around \$2 billion. It is worth recalling that pensions across California and the United States were intimately tied to Wall Street bets on the housing market. When that bubble collapsed in 2008, the banks and insurance

companies blamed pensioners and demanded that cuts be made on pensions and social services so that they could regain their losses. Other cities in California, like Stockton and San Bernardino, used the threat of bankruptcy to go after pensions.

In San Jose, former Democratic mayor Chuck Reed's pension reform measure was defeated after the city and its police department came to an agreement to set lower pension benefits for new hires. The new mayor, Sam Liccardo, argued that it was better to negotiate in "good faith" with the unions than implement a ballot measure. However, Reed has planned to reintroduce a statewide pension bill for 2018, after failing to get such a bill on the ballot for 2016.

When he was mayor of San Jose, Reed cut the city's workforce by over 20 percent and cut the pay of the rest of the workers by 10 percent. State workers were allowed to keep their current pension, but were forced to pay up to 16 percent more or pay into a new plan with a higher retirement age and fewer cost-of-living adjustments.

Reed followed the example of the Detroit and Stockton bankruptcies, which were used to gut pensions by rewriting protections in the state constitutions. Reed was forced to abandon his attempt to get a statewide pension reform bill approved by referendum in 2014 after Attorney General Kamala Harris approved wording of the bill, which was unsatisfactory to Reed.

Although Reed sued to change the wording, a superior court judge intervened and rejected his lawsuit. Most damaging was the revelation that the measure had been funded by \$200,000 from Texas billionaire and former Enron executive John Arnold.

Carl DeMaio, a Republican who served on the San Diego City Council, was the main author of the city's Proposition B and worked directly with Reed on the statewide ballot measure to cut pensions in 2014 and again in 2016. DeMaio worked with the San Diego County Taxpayers Association and the pro-business Lincoln Club on a separate initiative from former mayor Sanders's ballot that was eventually combined into one effort.

The latest announcement that the city council will fight PERB's ruling against pension cutbacks exposes the City Council's bipartisan commitment to austerity at any cost. Democrat councilman Todd Gloria voted

for the ruling even though he has feigned support for workers around the bogus campaign to lift the minimum wage to a miserly \$15 an hour. The same goes for Democrat councilman David Alvarez, who ran for mayor in 2013; he voted for the appeal for the sake of "clarity" despite being on the record as opposing Proposition B.

Whether the ruling elite uses ballot measures as a fig leaf to raid pensions or enlists the trade unions in the same cause, the assault on retirement funds will continue. For years, the corporate media in San Diego have blamed the economic crisis on "greedy" workers who have "six-figure" retirement accounts. California, which used to have a history of well-paid state sector jobs, is now seen as an example that will be applied across the US as the threat of pension deficits is used to further enrich the banks and corporations.



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