

# San Jose Mercury News

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## Editorial

# San Jose must deal now with its pension bills

The juxtaposition of some local news reports this week has been heartbreaking.

Over the weekend, the stellar, around-the-clock work by San Jose's police force quickly resulted in the capture of the suspect in a horrific shooting, kidnap and murder spree Friday. It was the kind of professional excellence San Jose has come to expect from its police department, which rose to this challenge despite having lost 471 positions since 2001, including the layoff this summer of 66 young officers.

Then, on Tuesday, the City Council heard grim financial projections that are likely to mean even deeper cuts next

June — not only to the police force but also to other community services that contribute to public safety as well as the city's quality of life. All branch libraries and all community centers could close, for example.

The likelihood of another budget deficit between \$78 million and \$115 million reinforces the need for pension reform: Pension costs alone will go up \$60 million in the next budget. But pension reforms — reducing benefits or raising employee contributions — in turn may increase the exodus of talented city employees, from police officers to top administrators, that already has begun as jobs with greater financial certainty open up elsewhere.

It is a sad conundrum. But at no point in Tuesday's meeting did anyone offer practical alternatives to pension reform that can make significant gains toward balancing the budget in the coming year.

Council members reluctant to press serious reforms on city unions seemed most interested

in pushing the pension payments into the future. This can be done by spreading the obligation over a longer period of time or by borrowing, perhaps using pension obligation bonds. These ideas might be reasonable if a major upsurge in revenue were absolutely assured. As it is, they're the civic equivalent of running up credit card debt in hopes of getting a fabulous new

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job that may never materialize.

These ideas have been explored at public meetings, but the city should plan a special study session to go through them again. Otherwise, the theories will linger as a mythical panacea. Council members who object to

the city staff's analysis need to document their own arguments. And if one turns out to be feasible after all, we'll be pleased to be proven wrong.

The best hope for pension reform is through the union negotiations going on now. Mayor Chuck Reed has proposed a ballot measure imposing reforms that would save \$67 million in the next budget year, which could actually prevent more layoffs if the deficit stays at the low end of the expected range. But a consensus approach to reform supported by employees and labor leaders would be better for everyone.

If significant reforms are in place, city voters might well approve a tax to restore some services, such as library hours and funding for gang prevention programs. A number of council members seem optimistic about this. But the earliest a tax would have a fighting chance is next fall's high-turnout presidential election. And that's four months after the 2012-13 budget has to be balanced.