

Services, jobs depend on reforms

By Madison Nguyen and Rose Herrera

There's an old adage that says: when you're in a hole, the first rule is to stop digging. We're proposing to stop digging — and to start building a ladder to climb out of the hole and restore services and jobs.

That's why we joined with San Jose Mayor Chuck Reed and Councilman Sam Liccardo to propose that the City Council declare a fiscal and public safety emergency and place comprehensive fiscal reforms on the ballot, potentially in November.

Taking bold action now will allow us to reduce the retirement costs driving our shortfall before we are forced to make an additional \$80 million in cuts in 2012.

These reforms revolve around making serious changes to our pension, health care, and retirement systems because these rising costs are the main cause of our financial crisis. The proposal does not reduce retirement benefits that current employees and retirees have already earned and accrued.

Some have called our proposal an attack. Nothing could be further from the truth. We're trying to protect our employees and retirees from losing their benefits, while at the same time protect city services.

Ask anyone on the council and they'll tell you that they'd love for San Jose to offer the best benefits in the country — no one disputes that our workers deserve them. Our employees are hardworking, caring people who serve the city well. Our retirees have given their prime years, their talents and skills, to our community. But if we don't act now, the impacts on employees, retirees, and our community will be devastating.

Wouldn't it be better to slow

down the rate of growth of pensions than to lay people off?

Wouldn't it be better to scale back annual cost-of-living increases rather than risk running out of money in the pension fund?

Wouldn't it be better to prevent a Vallejo-style slide into bankruptcy where pension payments can be drastically reduced?

Here are the facts: In 2000, San Jose's annual retirement costs were \$63 million. On July 1, that number will be \$250 million — up \$187 million. San Jose's unfunded liability for retirement benefits has grown by \$2 billion — yes, that's billion with a "B" — since 2000.

With 10 years of cuts, we're down to 4,200 police officers, firefighters, librarians, and other positions in the general fund. In July, we'll cut an additional 600 positions.

By 2016, even with the most optimistic actuarial assumptions, we'll be down to 3,000 general fund workers providing services to a city of nearly 1 million — barely enough for the police and fire departments. We must stop this death spiral of increasing pension costs and decreasing numbers of employees.

We understand that this is a contentious issue. Every big decision is.

We're not talking about leaving our city workers out in the cold; we're talking about reasonable reduction so that our budget isn't held hostage by spiraling retirement accounts.

In bankruptcy court, the judge has the power to slash pension benefits to keep a city out of insolvency — and that's exactly what we're working to avoid. We care too much about our residents, our employees and our retirees to allow that to happen.

It has been said, "We have no choice." We do have a choice. We can do nothing; we can do what has been done in the past or we can make the tough decision to take the actions required to save our city. That's why we urge our colleagues to support the fiscal reform proposal we've co-authored with Mayor Reed.

MADISON NGUYEN is vice mayor of San Jose and represents District 7, the central part of the city, on the San Jose City Council. **ROSE HERRERA** represents District 8, the Evergreen area, on the San Jose City Council. They co-signed Mayor Chuck Reed's reform proposal and wrote this article for this newspaper.