COLAB SAN LUIS OBISPO
WEEK OF JULY 9 - 15, 2017

THIS WEEK

MUCH ADO ABOUT EMPLOYEE DEFERRED COMPENSATION

COUNTYWIDE WATER CONSERVATION PROGRAM HAS FEW TAKERS

(PEOPLE AREN'T LINING UP TO REMOVE THEIR GRASS AND GET FREE APPLIANCES)

MEANWHILE PEOPLE WHO SEEK A NEW HOME ARE BEING SHAKEN DOWN FOR THE MONEY

LAST WEEK

NO BOARD MEETING LAST WEEK
4TH OF JULY

OTHER AGENCIES DORMANT

COUNTY PENSION DEBT INCREASED

SLO COLAB IN DEPTH

(SEE PAGE 11)

CALIFORNIA PUBLIC PENSIONS NOT BULLET PROOF

By Mike Brown

GOVERNMENT CUTS SERVICES, STAFF TO AFFORD PENSION COSTS

By David Schwartzman

PROTESTS, RIOTS AND MAYHEM FOR LOVE OF COUNTRY?

By Andy Caldwell

THIS WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, July 11, 2017 (Scheduled)

In General: The agenda contains a number of housekeeping items related to retirement and deferred compensation. These are not huge policy items but do provide a window into some of the County benefits. Items 7, 8, and 28 below are all inter-related.

Item 6 - Request to approve an agreement for the advance payment of the County's employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. This item authorizes the Auditor Controller to pay the County's full required contribution to the Pension Trust at the start of the fiscal year. This actually has the effect of lowering the County's unfunded actuarial liability by $1.5 million because the Pension System will be able to invest all the money for a full year. Some jurisdictions pay monthly because they don't have the cash.

The Board letter states that the County's payment for its share is ($39.2 million) and the employee contribution is ($11.0 million) for a total of $50.2 million. But the Pension System actuarial report indicates that last year (2016) the total contributions were $60.6 million. It cannot be less in 2017 because the contribution rates are going up. So how are the member contributions calculated and actually paid? The employees are actually provided a "salary offset" for their share of the pension costs. In other words they get a special pay to help offset the cost of their pension deduction. Is there a part of this that is presented somewhere else or what?

During the period from January 1, 2016 to December 31, 2016 applicable contributions of $60,618,166 were made. The contribution breakdown from Page 59 of the Jan. 2017 Actuarial Report is as follows:

Contributions Made*

Employer Appropriations	$35,451,409
Member Contributions	25,166,757
Grand Totals	$60,618,166

a. What is the total that must actually be paid to the retirement system in 2017?
b. How much is the County's formula share?
c. How much is the employees' formula share?
d. Of the employees' formula share, how much does the County actually pay in the so-called salary offset?
e. If the total required is north of $60 million, why is the payment discussed in this item only $50.2 million?

Item 7 - Deferred Compensation Plan. In addition to the regular retirement system, the County offers the employees a voluntary tax deferred compensation plan. This item would establish a management committee to help review and manage the system. Heretofore it has largely been run by the County Treasurer. The Plan has 1800 participants and $150 million in assets. The committee will consist of:

- County Treasurer designee (three-year initial term)
- County Administrative Office designee (two-year initial term)
- Human Resources designee (one year initial term)
- Pension Trust Executive Secretary (three-year initial term)
- Other employee designee (two-year initial term)

Once the unions figure this out, they will demand more representation and perhaps release time (from work) to be able to study the investments, etc.

The County does not provide any matching contributions to this plan. Some jurisdictions actually do in addition to the regular pension contributions and "salary offsets."

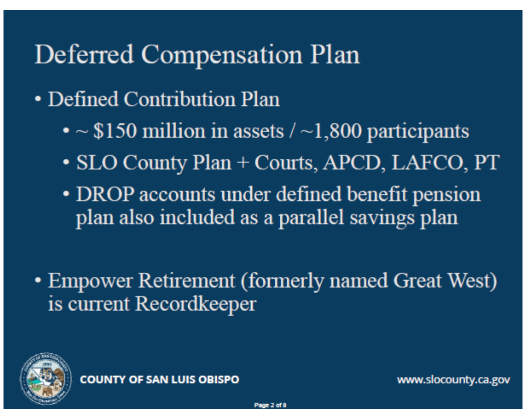
Item 8 - Request to approve a contract with Sage View Advisory Group for professional services associated with transitioning to a new provider for the Deferred Compensation Plan and to authorize a related budget adjustment in the amount of $15,000 from

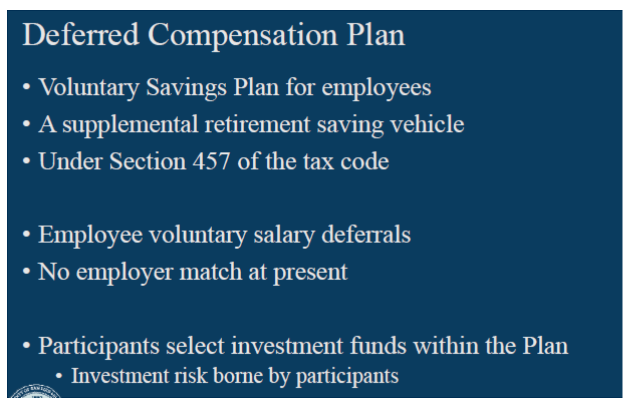
reimbursements to Fund Center. This one would authorize the County to hire a consultant to assist it with the switch from one deferred compensation plan to another. (See item 28 below for details of the actual switch.)

Item 28 - Submittal of a resolution to replace the current provider of the County's deferred compensation plan with Nationwide Retirement Services and request to approve a contract with Nationwide Retirement Services. Apparently the employees were unhappy with their current deferred comp administrator/investor, Empower of Denver, and have determined to recommend that the Board authorize contracting with Nationwide Retirement Services. The Board letter states in part:

The County, under the instruction of its Treasurer and its County Administrative Officer has reviewed the firm that provides recordkeeping and investment options for the Deferred Compensation Plan. This review is consistent with modern fiduciary best practices in the administration of defined contribution savings plans. A Request for Proposal for Deferred Compensation Plan provider services was issued in 2016 and eight highly competitive responses were received including one from the incumbent provider. The responses were evaluated by an employee committee selected and directed by the County Treasurer in his role as Plan Administrator for the Deferred Compensation Plan. Extensive finalist interviews were held with three of the respondents. The recommendation is to hire Nationwide Retirement Services to replace the incumbent Deferred Compensation Plan provider.

The power points, which are included with the agenda in advance per Board majority direction, tell the story:





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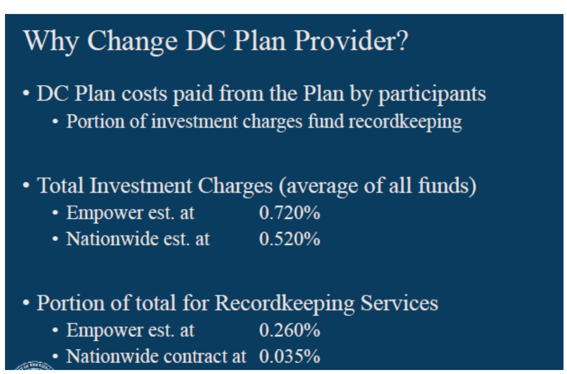

The write-up does not compare the investment performance of Empower and Nationwide, which would seem to be the most important factor. An interesting sidelight would be data comparing the investment performance of these two vendors and the SLO County Pension Trust for 1 year, 3 years, 5 years, and 10 years.

Item 18 - Request to 1) adopt a revised policy that Public Education and Government Trust Funds be allocated 50/50 to Education Access and Government Access programs; 2) approve an agreement with the San Luis Obispo County Office of Education for a cable TV access grant; and 3) authorize an associated budget adjustment, in the amount of $508,365, using Public Education and Government Access Fees. Back in the day, cities and counties were entitled by Federal and State law to regulate cable TV providers and extract franchise fees and other benefits in exchange for granting them the right to string cables above or under the public right of ways. The funding was generally to be used to operate a government TV channel, a public education TV channel, and a public access TV channel. In some jurisdictions fairly elaborated systems and programming were developed. Of course the public hardly ever watched any of it and some very loony people often dominated the public access channel.

At some point, the State took over the franchising end of the business but the localities retained a portion of the franchise revenue. Also, the public access channels went away because no one watched and the "user/producers" were too difficult to deal with. For example in Santa Barbara County there was one show where two guys spent an hour interviewing angels, which were of course invisible. In any case this leaves the education access channel and the government access channel. Apparently the County splits the revenue 50/50 with the County Education Office. This Board item, if approved and which requires a 4/5vote, would provide $508,000 to the Education office for operating and programming.

It's not clear from the item, but does this mean that the total annual franchise fee is $1.012 million? Could a piece of this be used to restore the radio broadcast of the County Supervisor board meetings? Or should the whole thong be thrown out and the money be used for a more clear and organized presentation of agenda materials and live presentation than the fragmented system which uses different providers for different agencies, etc.?

Sheriff Arpaio in Maricopa County Az. tried to make the prisoners watch the local version of these channels, but the ACLU obtained a cease and desist order on the grounds that it was cruel and unusual punishment.

Item 28 - County Urban Irrigation Restrictions and Incentives Not Working So Well. Over the past 4 years the County adopted water use restrictions on new home and commercial development in the Nipomo Water Conservation Area and the Paso Basin. Essentially a property owner is required to show net water use neutrality in order to receive a permit. One way of meeting the requirement is to purchase water credits from the County. These are apparently sold for $16.18 per gallon. Revenue from the credits is bundled into a cash incentive program which pays property owners to remove their turf and/or to buy water efficient appliances. The funding is extracted from the property owners by means of the $16.18 fee.

As expected, there are not enough customers to use all of the fee revenue created. Accordingly and in true bureaucratic fashion, the staff wants to expand the failed program by increasing the incentives.

Program Funding

Plumbing Retrofit and Turf Incentive Programs

- Program is funded by collection of fees for new development.
- Fee within both basins for any new development is $16.18 per gallon.
- Alternatively, applicants have the option to achieve necessary offsets on an individual basis.

Current Status – NMWCA and PRGWB

Plumbing Retrofit and Turf Removal Incentive Programs

Water Conservation Programs Balance for NMWCA	
Gallons per Day of Savings Generated (turf removal):	12,670
Gallons per Day of New Demand:	23,449
Gallons per Day of Savings Needed:	10,778
Amount Available for Water Conservation($)	161,106

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Attachment 1

Water Conservation Programs Balance for PRGWB	
Gallons per Day of Savings Generated (Both Programs)	8,157
Gallons per Day of New Demand:	16,992
Gallons per Day of Savings Needed:	8,835
Amount Available for Water Conservation($)	$204,353

The write-up states:

The reasons the County has available surplus is due to a number of factors. The programs are reliant solely on public participation and County has seen a decline in participation in the program over time. Decline in participation rates based on staff's observations, have been related low financial incentives, and strict program requirements. In addition, the programs have no flexibility to adapt to changing circumstances. Staff has evaluated the Cash for Grass and Plumbing Retrofit Program and has formulated recommended amendments to resolve these issues. Since these programs were adopted by the Board, staff must receive Board approval to make any changes.

Accordingly the staff proposes literally doubling down:

Multi-Phased Plan

Plumbing Retrofit and Turf Incentive Programs

- Phase One:
  - Establish CWWCP – Plumbing Retrofit and Cash for Grass Programs.
  - Improvements to application and process.
  - New website: www.slocountywwcp.org.
- Phase Two:
  - Cash for Grass - Increase maximum allowable rebate per household from $3,000 to $6,000.
  - Additional application and process improvements (as needed).
  - Send out mailers and flyers to advertise and promote amendments.
- Phase Three:
  - Seek opportunities to expand to public facilities and other non-residential applications.
  - Projects that result in a public benefit would be prioritized.
  - Less than $10,000 does not require Board approval.

Attachment 1

This is just another social engineering boondoggle which the Board should terminate. Party A is being taxed to use water under his land. The proceeds are being used to pay party B to remove her grass and plant rocks and cactus, and then buy a new dishwasher, clothes washer, and low flow toilets .

Meanwhile the County can't spend staff time figuring out how to expand the supply of housing so that our kids and grandchildren don't have to move to Boise, Reno, and Waco to have a job and a home with grass. Of course you will be able to use all the water you need on marijuana.

LAST WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, July 4, 2017

Tuesday, July 4th is still a national holiday. So far the State Legislature has not banned it. Trouble will start up again on July 11th. There is nothing to report for this week on potential actions by local government agencies.

County Pension Funding Status: However, the County's retirement system received bad news that for prior year 2016 investment income did not meet the 7.125% adopted rate of return projection. This requires that the Pension Trust raise the contribution rate to the County from 38.39% of payroll to 40.32%. Keep in mind, per the chart below, that last year the rates had to be increased by 4.8%.

RECONCILIATION OF CHARGED RATES AND TOTAL ARC

Valuation Date	January 1, 2017	January 1, 2016
Total Annual Required Contribution (ARC)	40.32%	38.90%
County Charged Rate	19.51%	19.08%
Member Charged Rate	13.71%	13.95%
Total Charged Rate	33.22%	33.03%
Increase to Charged Rate as of January 1, 2017*	5.17%	1.02%
Total Charged Rate as of January 1	38.39%	34.05%
Difference between the ARC and the Charged Rate	1.93%	4.85%
Recommended Rate Increase as of January 1	1.93%	4.85%

*The recommended rate increase as of January 1, 2016 was 4.85%. However, the rate increase was implemented on January 1, 2017 and therefore was increased to 5.17%.

It should be noted that the members, the employees, pay only a portion of their charged rate because the County provides them an "offset" in their pay to cover much of the cost. Thus the County is actually paying most of the cost anyhow.

San Luis Obispo County Pension Trust

Projection Based on January 1, 2017 Actuarial Valuation with Tier 3 (AB 340)
7.125% Investment Rate of Return Assumption
3.375% Payroll Growth Assumption
(in millions)

Valuation as of January 1, (1)	Input Market Return for Past Fiscal Year (2)	Market Return for Past Fiscal Year (3)	Total Contribution Rate (4)	Compensation at Valuation (5)	Total Contribution (6)	Actuarial Accrued Liability (AAL) (7)	Actuarial Value of Assets (AVA) (8)	Unfunded AAL (9)	Funded Ratio (10)	Total Normal Cost Rate (11)	Market Value of Assets (MVA) (12)	Funded Ratio Using MVA (13)	Percent Tier 3 Members (14)
2017	7.125%	6.13%	40.37%	$ 185	$ 74.7	$ 1,829	$ 1,268	$ 560	69.4%	21.08%	$ 1,181	64.6%	29.8%
2018	7.125%	7.125%	41.15%	190	78.0	1,908	1,312	596	68.7%	20.53%	1,251	65.6%	36.1%
2019	7.125%	7.125%	42.07%	195	81.8	1,987	1,355	633	68.2%	20.07%	1,323	66.6%	41.3%
2020	7.125%	7.125%	42.84%	199	85.4	2,066	1,404	662	68.0%	19.64%	1,398	67.7%	46.2%
2021	7.125%	7.125%	42.91%	204	87.7	2,143	1,475	668	68.8%	19.24%	1,475	68.8%	51.1%
2022	7.125%	7.125%	42.87%	210	89.9	2,220	1,551	669	69.9%	18.88%	1,553	70.0%	55.3%
2023	7.125%	7.125%	42.83%	215	92.1	2,295	1,629	666	71.0%	18.53%	1,633	71.1%	59.4%
2024	7.125%	7.125%	42.79%	221	94.5	2,369	1,708	661	72.1%	18.24%	1,712	72.3%	63.1%
2025	7.125%	7.125%	42.74%	227	96.9	2,441	1,788	653	73.3%	17.97%	1,793	73.5%	66.5%
2026	7.125%	7.125%	42.71%	233	99.5	2,512	1,870	642	74.5%	17.73%	1,875	74.7%	69.6%
2027	7.125%	7.125%	42.68%	240	102.2	2,581	1,953	628	75.7%	17.51%	1,959	75.9%	72.5%
2032	7.125%	7.125%	42.82%	277	118.5	2,901	2,398	503	82.7%	16.71%	2,404	82.9%	83.8%
2037	7.125%	7.125%	43.48%	322	140.1	3,188	2,938	250	92.2%	16.24%	2,943	92.3%	91.1%
2042	7.125%	7.125%	16.24%	377	61.3	3,467	3,466	1	100.0%	15.98%	3,471	100.1%	95.8%
2047	7.125%	7.125%	16.16%	444	71.7	3,777	3,776	1	100.0%	15.88%	3,781	100.1%	98.4%

Projection assumes no actuarial gains and losses, other than from assets. Projection based on constant population.
Tier 3 changes include No DROP, 2% COLA, pensionable compensation is capped at $118,775 for 2017, 3 year Final Average Compensation for members hired on or after January 1, 2013.
All dollar amounts in millions.

Total pension costs also include the debt financing related to the 2003 pension obligation bond of \$135 million. The annual debt financing payment for calendar year 2017 is approximately \$10.1 million – 5.46% of active member payroll. All in , the contribution is then 40.32 + 5.46 or 45.78 % on average. As noted above the employee average appears to be around 14% of this total; however, the County subsidizes the employee contribution with an “offset.” These range from around 5% of salary to 12% of salary depending on the rate included in the particular union contract pertaining to each group of employees.

As these costs grow, the actual dollars available to fund employees who actually perform a service are eroded. Please see the article on page 13 in the **COLAB In Depth Section** describing the deleterious impact of this situation. The chart below on the next page displays the growing unfunded pension liability.

PLEASE CONTINUE ON THE NEXT PAGE.

FUNDING PROGRESS INDICATORS
HISTORIC COMPARISON

($ in Thousands)

Valuation Date	Valuation Assets[1]	Actuarial Liability[1]	Funded Ratio	Unfunded Actuarial Liability	Member Payroll	Ratio to Payroll
12/31/2001	$404,751	$492,795	92.1%	$88,044	$120,637	73.0%
12/31/2002	430,351	556,321	77.4%	125,970	131,997	95.4%
12/31/2003	604,808	619,257	97.7%	14,449	136,364	10.6%
12/31/2003 [5]	604,808	637,075	94.9%	32,267	136,364	23.7%
12/31/2003 [2,5]	604,808	642,734	94.1%	37,926	136,364	27.8%
12/31/2004 [2]	651,751	713,683	91.3%	61,932	135,189	45.8%
12/31/2004 [6]	651,751	715,085	91.1%	63,334	135,189	46.8%
12/31/2005	700,060	803,124	87.2%	103,064	143,902	71.6%
12/31/2005 [7]	700,060	818,864	85.5%	118,804	143,902	82.6%
12/31/2005 [2,7]	700,060	831,290	84.2%	131,230	143,902	91.2%
12/31/2006	759,758	912,458	83.3%	152,700	152,117	100.4%
12/31/2006 [2]	759,758	920,285	82.6%	160,527	152,117	105.5%
12/31/2006 [2,8]	759,758	994,861	76.4%	235,103	152,117	154.6%
12/31/2006 [9]	759,758	962,828	78.9%	501,015	152,117	329.4%
12/31/2007	829,764	1,055,868	78.6%	226,104	162,436	139.2%
12/31/2007 [10]	829,764	1,057,124	78.5%	227,360	162,436	140.0%
12/31/2008	875,602	1,150,214	76.1%	274,612	168,677	162.8%
12/31/2009	937,279	1,216,153	77.1%	278,874	160,444	173.8%
12/31/2010	1,000,169	1,282,058	78.0%	281,889	161,783	174.2%
12/31/2011	1,057,922	1,334,545	79.3%	276,623	161,055	171.8%
12/31/2011 [2,11]	1,057,922	1,378,549	76.7%	320,627	161,055	199.1%
12/31/2012 [11]	1,122,151	1,468,001	76.4%	345,850	164,299	210.5%
12/31/2013 [12]	1,182,924	1,518,751	77.9%	335,827	164,704	203.9%
12/31/2014	1,231,474	1,605,591	76.7%	374,117	167,695	223.1%
12/31/2015	1,248,328	1,686,497	74.0%	438,169	177,004	247.5%
12/31/2015 [13]	1,248,328	1,749,342	71.4%	501,014	177,004	283.1%
12/31/2016	1,268,405	1,827,342	69.4%	558,937	185,020	302.1%

[1] Assets and liabilities do not include Employee Additional Reserve amounts (in $) of:

12/31/2016	$3,961,371	12/31/2011	$7,462,567	12/31/2006	$12,181,467
12/31/2015	4,362,000	12/31/2010	8,558,571	12/31/2005	12,773,875
12/31/2014	5,295,316	12/31/2009	9,341,043	12/31/2004	13,601,745
12/31/2013	5,942,492	12/31/2008	10,397,974	12/31/2003	13,558,875
12/31/2012	6,606,149	12/31/2007	11,507,242	12/31/2002	13,510,256

[2] Reflects assumption changes.
[3] Reflects change to Entry Age Normal Funding.
[4] Reflects benefit increases for most Miscellaneous and Probation active members.
[5] Reflects benefit increases for all management employees, excluding Court management.
[6] Reflects benefit increases for Safety management; and Court employees in BU #19 and BU #24-#27.
[7] Reflects benefit increases for Safety non-management; Miscellaneous “Other” and SLOCEA Non-Court.
[8] Reflects benefit increases for Probation and Safety members.
[9] Reflects assumption change to 7.75%.
[10] Reflects benefit increases for Miscellaneous Court employees in BU #18 and BU #20.
[11] Reflects benefit provisions under Tier 2 for certain new members.
[12] Reflects benefit provisions under Tier 3 for new members, and assumption changes.
[13] Reflects assumptions changes

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES AND FORCES

CALIFORNIA PUBLIC PENSIONS NOT BULLET PROOF

By Mike Brown

One of the paradoxes of current California state and local politics is the continuing support by public employee unions of left progressive candidates and their policies. This emerging and expansive Democratic Party faction has recently been restyled and consolidated nationally as the Alternative Left Progressives (in honor of Bernie Sanders) and locally as the SLO County Progressives.

Historic support of the progressive left by unions through campaign contributions, candidate endorsements, and boots on the ground campaigning is certainly understandable. After all, the progressives have delivered decades of exponentially compounding “cost of living” raises and guaranteed retirement formulae, which often grace career employees with pensions that are equal to their highest lifetime salaries.

Until recently, the current employees working towards retirement and the current retirees (and their survivors) have believed that it is legally impossible for either the various pension systems (CALPERS, UC Retirement System, County 1937 Act, And CALSTRS [the teachers]) or the funding jurisdictions (the State, public university systems, counties, cities, public school systems, and thousands of special districts) to abridge or otherwise modify benefit levels once promised.

Recent efforts by the City of San Jose and Orange County to change promised benefit levels for currently working and as yet unretired employees survived legal challenges. However, both the City and the County then had to partially abandon the efforts because critically needed employees such as police officers simply quit and moved to other jurisdictions that have not imposed benefit reductions. This is possible because the various pension systems and jurisdictions within California have adopted reciprocity provisions that transfer the accumulated years of service and blend the benefit levels, if in fact they are different, from the sending to the receiving jurisdiction.

For example, an acquaintance of ours, who is an outstanding executive manager, has worked for a city, two counties, and several public universities over his career. He has been actively recruited by the various entities and now serves in a very high level position with direct compensation approaching $300,000 per year. He could end up with 35 years of continuous public service (not counting the military, in which he served in a combat branch and which is not counted in his years). In any case, 35 years x 2.5% of final average salary ($290,000) equals $253,000. Since he has accumulated sufficient quarters, he will also be eligible for Social Security.

In this environment, public employees have had little reason to support reform and have only recently acquiesced, in some cases, to adoption of two-tier systems under which future hires will receive lower benefits and will contribute more to the cost than their currently serving colleagues.

Not So Fast: Recently and with increasing frequency, retirees and current employees ask me about the risks to their pensions. They prudently sense danger. These informal inquiries are usually framed in terms of the fear that their former or current employer will become so hard pressed that it will discover or engineer a legal way to renege on retirement payments or previously promised benefits. Barring a significant and protracted public emergency, the chance of wide spread retroactive legal changes still appear somewhat remote, but not impossible.

The more likely scenario is the potential collapse of the pension funds and/or collapse (bankruptcy) of the funding jurisdictions. Unfunded pension debt; unfunded deferred maintenance on roads, bridges, prisons, university buildings, park facilities, aqueducts, dams, water and sewer systems, etc.; and existing debt that has been already issued by all the government jurisdictions is approaching $1 trillion dollars.

On top of this, the Alternative Left Progressives, including the SLO County Progressives, are officially calling for single payer medical care, which will require hundreds of billions of dollars in new taxes. Similarly, they are calling for free public university education, which would require further tens of billions. Moreover, they are advocating that these benefits be provided to any resident of California regardless of citizenship.

In other words, the current retirees are not safe. The current working employees are certainly not safe. If the State, local governments, school districts, and universities flounder, the public could simply contract with private sector alternatives. For example, Cal Poly receives only about 33%

of its revenue from the State. Most consists of tuition. In a pinch, it could evolve into a private university.

As things begin to collapse, voters will reject tax increase bailouts. You would think that these retirees and future retirees would wake up and endorse candidates and officials who support growing the economy, more private sector jobs, and vigorous private investment, all of which would make it easier to meet the existing pension obligations.

You would also think they would question the SLO Progressive Platform and ask its officers and committee chairs how they will protect their pensions, deal with the existing debt structure, add a half billion in new programs, and not annihilate the private sector and drive it out of state. They might also inquire as to how they plan to work these policies while at the same time banning oil and gas production and development; socializing the stockholder owned utilities; banning nuclear energy; and imposing project killing fees, taxes, and regulatory hurdles on new home and commercial development.

What current retirees and current vested working public employees need to understand is that all boats rise with a vigorous and growing economy. The historically accumulated and continually growing avalanche of State and local regulations, fees, and taxes undermine investment, job creation, and the generation of State income tax, corporate income tax, sales taxes, and property taxes. This reduction in resources will in turn increase the pressure for the State and localities (cities, counties, school districts, and special districts) to find ways around the pension cost dilemma. Voter initiatives and legal remedies will be attempted. In the face of this growing and necessary pressure (if public services and education are to be preserved), it would be prudent for public employees and public retirees to reject the neo-progressive status quo and to elect officials who will ease the problem by enabling a better economy and a naturally growing revenue base.

GOVERNMENT CUTS SERVICES, STAFF TO AFFORD PENSION COSTS

By David Schwartzman

Across California, many local governments have raised taxes while cutting services. Local officials desperate for union support have made irresponsible deals with public employee unions, creating staggering employee costs. Taxpayer money meant to provide essential services to the least well-off instead goes directly to higher salaries and benefits.

In Santa Barbara County, the 2017-2018 budget calls for laying off nearly 70 employees while dipping into reserve funds. The biggest cuts are to the Department of Social Services, which works to aid low-income families and senior citizens. Meanwhile, $546 million of needed infrastructure improvements go unfunded as Santa Barbara County struggles to pay off $700 million in unfunded pension liabilities. County officials estimate that increasing pension costs may cause hundreds of future layoffs.

Unfortunately, Santa Barbara County is far from alone. Tuolumne County is issuing layoffs in the face of rising labor and pension costs from previous agreements. In Kern County, a budget shortfall spurred by increased pension costs has led to public safety layoffs, teacher shortages, budget cuts, and the elimination of the Parks and Recreation department, even as Kern County's unfunded pension liability surpasses $2 billion. In the Santa Ana Unified School District, nearly 300 teachers have been laid off after years of receiving pay raises that made them unaffordable, including a 10% raise in 2015.

In Riverside County, non-union county employees took the blow for the county's irresponsible pension deals, as all but one of the 32 employees the county laid off this June were non-union members. This came after contract negotiations granted union employees hundreds of millions of dollars in raises. The Riverside County DA said these raises caused public safety cuts. In addition, Riverside County imposed an extra 1% sales tax to pay for these benefits. Across California, citizens suffer as local governments give away their money while cutting their services.

Government projections continually underestimate pension costs. According to a new study by the Hoover Institution, pension liabilities are understated by trillions of dollars. This happens because governments assume unrealistic rates of return on pension investments. The California Public Employees' Retirement System (CALPERS), the agency managing pension and health benefits for most California employees, will assume a rate of return of 7% starting in 2020 (the current assumption is 7.5%), however, last year, CALPERS earned a return of 0.6%. California's defined benefit system for public employees means that governments must pay their employees a fixed amount regardless of how pension plans perform. Rosy estimates for future pension performance make government obligations look smaller than they are.

Unrealistic projections also allow government officials to award big pensions, as officials argue that the big future returns they have assumed can pay off the costs. When reality hits and pension returns fall short, taxpayers are left footing the bill. This year, Californians paid $5.4 billion because of this baseless confidence, more than the state spent on environmental protection, drought response, and fighting wildfires combined. Short-sighted government optimism has real consequences for citizens forced to live in the real world.

The future of government finance throughout California looks bleak due to government mismanagement of taxpayer funds. Local representatives grant unions generous terms, and those unions in turn donate to re-election campaigns. This vicious cycle costs Californians essential services. Agreements between government officials and union bosses allies harm taxpayers, service beneficiaries and even some union workers, who find their representatives complicit in laying them off.

Government does not exist to give taxpayer money to the politically connected. Because of their twisted incentives, California's elected officials are directly responsible for the state having the highest poverty rate in the country, and the second most unfree economy. Instead of working to fix California's challenges, many local officials create them by refusing to serve their constituents and instead forcing citizens serve the government. If public servants are serious about real improvements, they need to push for changes to the public pension system and for limitations in every interaction between lawmakers and public employee unions.

David Schwartzman is a Policy Research Fellow at the California Policy Center. He is a rising senior studying economics, mathematics, and finance at Hillsdale College. This article was first posted by the California Public Policy Center on June 27, 2017.

Protests, Riots And Mayhem For Love Of Country?

By Andy Caldwell

I had a great discussion on the radio show with James Hirsen, a New York Times bestselling author, media analyst and law professor, regarding two columns he published in Newsmax. The first column had to do with the never-ending parade of the victim class, also known as the democratic party, celebrating their hatred of Donald Trump. The second had to do with the left's love affair with the late, not so great, Hugo Chavez, who singlehandedly crash landed what was the formerly great country of Venezuela.

In case you have already forgotten, or you are having trouble distinguishing between all the victims of our society who have been marching, organizing, protesting and in some cases, rioting, mugging, and terrorizing the general population, Mr. Hirsen did a great service of chronicling the same. The parade participants thus far to date: the women's march, the protest against the travel ban from states who sponsor terrorism, a day without immigrants, not my president's day, a day without a woman, the movement for black lives, a protest that Trump did not release his tax returns, the march for science and the May Day protest for organized labor and migrant labor.

Most of these protests were generally peaceful events. But, we also witnessed the dangerous and demented movement known as “antifa”, short for anti-fascist. The participants in these bloody and potentially deadly protests claim that Donald Trump and the republicans are fascists. The utter irony is that these protestors are the ones acting like fascists, using violence and mayhem to intimidate and threaten law-abiding citizens while destroying property.

Now we turn to a related discussion regarding Hugo Chavez and Bernie Sanders. Many of the people, who rejected Trump and love Chavez, wanted Bernie Sanders as their president. Both Sanders and Chavez described themselves as socialists. I wonder how many of the people who hate Trump would opt to move to Venezuela these days.

As Mr. Hirsen pointed out, Venezuela was once the most prosperous country in South America. It is now in shambles. People are starving and the citizenry are suffering from the highest crime rate in the world. A civil war is about to break out. None of this is a mystery, because socialism never works. The real mystery is why the Hollywood A-listers have not had a great discussion on the radio show with James Hirsen, a New York Times bestselling author, media analyst and law professor, regarding two columns he published in Newsmax. The first column had to do with the never-ending parade of the victim class, also known as the democratic party, celebrating their hatred of Donald Trump. The second had to do with the left’s love affair with the late, not so great, Hugo Chavez, who singlehandedly crash landed what was the formerly great country of Venezuela.

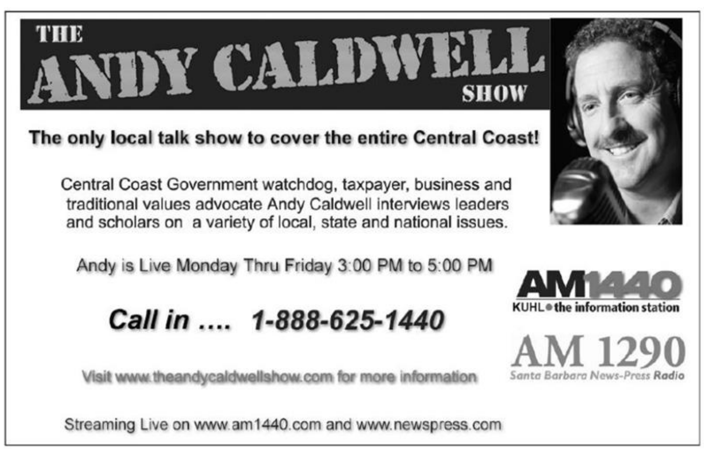
Whereas, Chavez destroyed Venezuela, Sanders is still working to destroy both America and Western Civilization via his warped views on religion, multicultural-ism and political correctness. As reported in the Fed-realist, during a recent confirmation hearing for a Trump nominee, Sanders applied an unconstitutional religious litmus test declaring the nominee unfit for office because of his traditional Christian viewpoint having to do with eternal salvation.

Specifically, because the nominee once opined that only Christians go to heaven, Sanders convicted him of bigotry. Ironically, Sanders did so while defending Muslims who also believe they alone go to paradise in the hereafter. Lost on Sanders is the fact that Christians are called to nevertheless love everyone in the here and now regardless of their faith or lack there-of. Contrast that to Islam, the only major religion in the world today, still routinely issuing death sentences to unbelievers and infidels, not to mention the terrorist declarations associated with Jihad!

Trump may not have the perfect plan to make America great again, but at least his heart is in the right place! I can’t say the same for the agitators who have no respect for our laws and traditions, including the right to free speech, religion, and dutiful respect of our election process.

First Published in the Santa Barbara News Press. Andy Caldwell is the Executive Director of COLAB of Santa Barbara County, a regular columnist in the Santa Barbara News Press, and host of the Andy Caldwell Radio Show on AM 1440 KUHL, Monday – Friday from 3 to 5PM.

ANNOUNCEMENTS



A forum bringing together elected officials, key County, city and community leaders, wine growers and tourism experts to explore the long-term viability of the Wine and Tourism sectors in our county.

SANTA BARBARA WINE COUNTRY:
Do We Have a Viable Future?

Wednesday, July 26, 2017
Santa Ynez Marriott • 1:30 – 5:30 p.m.

ECON ALLIANCE

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PROGRAM

1:30 p.m. Welcome/Opening Remarks
Steve Pepe, *President, EconAlliance*

1:40 p.m. Keynote: Facts of Life About Direct to Consumer Sales
Robert McMillan, *VP/Founder, Silicon Valley Bank Wine Division*

2:15 p.m. Panel: Direct to Consumer Sales - Key to Financial Sustainability?
Moderator: Robert McMillan
Panelists:
Sonja Magdevski, *Owner, Casa Dumetz*
Katy Rogers, *Director of Direct to Consumer South Coast, Jackson Family Wines*
Third Panelist TBA

3:00 p.m. BREAK

3:15 p.m. Panel: Wine and Tourism – A Perfect Pairing?
Moderator: TBA
Panelists:
Gilda Cordova, *Explore Lompoc*
Jennifer Harrison, *Director of Tourism, Santa Maria Valley Convention & Visitors Bureau*
Shelby Sim, *Executive Director, Visit SYV*
Jennifer Walker, *Vice President Strategy & Marketing, Visit Santa Barbara*

4:00 p.m. Overview Presentation: Santa Barbara Vintners Good Neighbor Policy
SB Vintners Board Member - TBA

4:30 p.m. Panel: Wine, Visitors, Venues and Regulations
Moderator: Mike Brown, *former Santa Barbara County CEO*
Panelists:
Steve Lavagnino, *5th District Supervisor, Santa Barbara County*
Das Williams, *1st District Supervisor, Santa Barbara County*
John Peschong, *1st District Supervisor, San Luis Obispo County*

5:15 p.m. Reception

TICKETS: $65 individual price
Registration link:
www.econalliancewineforum.eventbrite.com
For event, table and exhibit sponsorships, contact: **initiatives@EconAlliance.org or 805-345-0688**
Table sponsorship of 8 people (6 seats to sponsors, 2 seats to EconAlliance for VIPs, speakers or students)

Howard Jarvis
Taxpayers Association
established in 1978
HJTA IS THE TAXPAYERS' RESOURCE

Dear Taxpayer:

State Senator Robert Hetzberg, D-Van Nuys, is pushing yet another tax on homeowners.

Hertzberg's Senate Bill 231 would remove your right to vote on assessments to process storm water, and allow new charges to be added to your property tax bill. Hertzberg wants you to pay more because it rains. **This could cost you hundreds of dollars, or more, each year.**

Lawmakers will soon vote on SB 231 and now is the time to tell them NO!

Please call your representatives and tell them to vote NO on SB 231 storm water charges, NO on new property taxes.

Don't know who your representatives are? Click here.

Please act now! Time is of the essence if we are to block another tax increase by the Sacramento politicians.

SUPPORT COLAB!
PLEASE COMPLETE THE MEMBERSHIP/DONATION FORM ON THE NEXT PAGE

Coalition of Labor, Agriculture and Business
San Luis Obispo County
"Your Property – Your Taxes – Our Future"
PO Box 13601 – San Luis Obispo, CA 93406 / Phone: 805.548-0340
Email: colabslo@gmail.com / Website: colabslo.org

MEMBERSHIP APPLICATION

MEMBERSHIP OPTIONS:

General Member: $100 – $249 ❑ $ _______ **Voting Member: $250 - $5,000 ❑ $ _______**

Sustaining Member: $5,000 +❑ $ _______
(Sustaining Membership includes a table of 10 at the Annual Fundraiser Dinner)

General members will receive all COLAB updates and newsletters. Voting privileges are limited to Voting Members and Sustainable Members with one vote per membership.

MEMBER INFORMATION:

Name: ____

Company: ____

Address: ____

City: ______________________ State: ____________ Zip: __________

Phone: ______________ Fax: ______________ Email: ____________________

How Did You Hear About COLAB?

Radio ❑ Internet ❑ Public Hearing ❑ Friend ❑

COLAB Member(s) /Sponsor(s): ______________________________________

NON MEMBER DONATION/CONTRIBUTION OPTION:

For those who choose not to join as a member but would like to support COLAB via a contribution/donation.
I would like to contribute $ _____________ to COLAB and my check or credit card information is enclosed/provided.

Donations/Contributions do not require membership though it is encouraged in order to provide updates and information.
Memberships and donation will be kept confidential if that is your preference.
Confidential Donation/Contribution/Membership ❑

PAYMENT METHOD:

Check ❑ Visa ❑ MasterCard ❑ Discover ❑ Amex NOT accepted.

Cardholder Name: ______________________ Signature: __________________________

Card Number:________________________Exp Date: ___/___ Billing Zip Code: ______ CVV:____

TODAY'S DATE: ______________________

(Revised 2/2017)