



FOR IMMEDIATE RELEASE:

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***** PRESS RELEASE *****

**BAY AREA COUNCIL ANNOUNCES SUPPORT FOR
COMPREHENSIVE STATE PENSION REFORM**

SAN FRANCISCO, CA — With Sacramento still stalemated over how to solve California's \$19 billion budget deficit, today the Bay Area Council announced its firm support for Governor Schwarzenegger's pension reform plan.

"Tough medicine is needed to heal California's fiscal ills and the first dose is significant pension reform," said Jim Wunderman, President and CEO of the Bay Area Council. "Since January, inaction in Sacramento has added nearly \$3 billion to the deficit, a number that will only grow until lawmakers get serious and make the cuts that have to be made."

Specifically, the Council supports Governor Schwarzenegger's proposal to:

1. Roll back the expansion of pension benefits adopted in Senate Bill 400 (Chapter 555, Statutes of 1999) for all new hires upon adoption by the legislature.
2. Create a permanent five percent increase in state employee pre-tax contribution toward retirement benefits.
3. Calculate the state retirement rate based on the highest three years of wages during employment, instead of the highest single year.
4. Require CalPERS's chief actuary to submit a report to the legislature describing how contributions would change if a lower investment return was assumed, and the impact on future state budgets if CalPERS fails to achieve its assumed investment return, and have that report evaluated by a qualified third party.

It is estimated that state pension costs for CalPERS will be \$3.8 billion in 2010-11, more than 2000% higher than just ten years ago. In addition, Stanford University, the University of Chicago and Northwestern University all estimate that California government agencies have \$500 billion in pension debt, a number that grows every day reform is postponed.

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About the Bay Area Council

The Bay Area Council is a business-sponsored, public-policy advocacy organization for the nine-county Bay Area. The Council proactively advocates for a strong economy, a vital business

environment, and a better quality of life for everyone who lives here. Founded in 1945, the Bay Area Council is widely respected by elected officials, policy makers and other civic leaders as the voice of Bay Area business. Today, approximately 275 of the largest employers in the region support the Bay Area Council and offer their CEO or top executive as a member. Our members employ more than 4.43 million workers and have revenues of \$1.94 trillion, worldwide.