



Governor Jerry Brown



State Treasurer John Chiang

Here's What Experts Are Saying About the California Pension Stabilization Proposal

BROOKINGS

"The Governor and Treasurer of California should be commended both for recognizing its pension commitments to its public servants and for taking thoughtful actions to pay for them. Unfunded pension commitments are a challenge to many; the right response is to be honest about them and then not to delay the undeniably hard decisions about how to meet them."

— Hon. Joshua Gotbaum, Guest Scholar, Retirement Security Project/Economic Studies, The Brookings Institution



"Paying down the state's unfunded liabilities reduces future General Fund contributions and frees up future funds for other vital programs and services. This proposal is different than pension obligation bonds in that it's essentially refinancing a debt where much of the risk is mitigated."

— Chris Hoene, Executive Director, California Budget and Policy Center

"Unfunded pension liabilities are a pressing challenge for many states. California recognizes this challenge and is taking a solid step to address it."



— Alicia H. Munnell, Director, Center for Retirement Research at Boston College

"The Pension Stabilization Plan seems a prudent way to save taxpayers potentially \$11 billion over 20 years by paying down high-interest debt. It's the same approach that families use when they make extra payments to cut home mortgage interest costs."



— Tim Gage, Former Director, California Department of Finance



"This proposal is designed to help address one of the state's most pressing fiscal challenges — unfunded pension liabilities — while improving the overall rate of return on existing public funds. As the Legislative Analyst's Office has rightly pointed out, important issues will need to be studied ahead of implementation, such as how to ensure that sufficient reserves remain available to support core government services and how funds should be invested consistent with the state's investment policies. But overall it is a thoughtful proposal worthy of consideration."

— Greg Mennis, Director, The Pew Charitable Trusts' Public Sector Retirement Systems Project