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Threat to state workers' pension perk causes rush at CalPERS

By [Jon Ortiz](#)

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California government employees, fearing that lawmakers may soon shut down a controversial program that boosts their retirement payouts, have flooded the state's largest pension system with inquiries and requests to purchase the benefit.

More than 12,000 members of the [California Public Employees' Retirement System](#) asked for price estimates to buy additional retirement service credit – sometimes called "airtime" – during the fiscal year that ended June 30. That was up 23 percent from 2009-10.

The trend continued this year, with roughly 1,000 workers making airtime cost requests in July and again in August, according to Cal-PERS.

More than 4,800 workers went ahead and purchased the benefit in 2010-11, a 16 percent increase over the previous year.

The spike in interest comes perhaps as a consequence of the raging debate over public pensions. Many observers expect Gov. Jerry Brown to renew a proposal to end airtime as one way to scale back costs.

"It's like a closeout sale," said group behaviorist **Billie Blair, head of the Change Strategists Inc.** management consulting firm in Southern California. "The governor probably didn't intend it, but suggesting that (the program) should end was good advertising."

Only four-tenths of 1 percent of the fund's 1.1 million active members bought the additional service credits last year. Still, the 7-year-old program has become an emblem of the debate over public pensions and what is fair.

Even Brown, a labor-friendly Democrat who won office with money and manpower from unions, talked about eliminating the benefit during his 2010 campaign. He again raised the idea in April with a 12-point pension reform list that began, "Eliminate purchase of airtime."

During fruitless budget talks with Republicans a few months later, Brown offered several changes to public pensions that included axing airtime.

CalPERS launched its airtime program in 2004. Since then about 50,000 members have purchased up to five years of additional service time. The employee's fee equals anticipated

[pension payments](#) that the employee and his or her employer would make over that time, usually tens of thousands of dollars.

Even though the program is supposed to pay for itself, critics have blasted airtime as a credit for fictitious work time, a lucrative benefit that is denied private-sector taxpayers.

Annuities, a comparable private vehicle that invests a buyer's money and repays it later as an income stream, rarely offer more than a 4 percent return. Airtime gets the same government-guaranteed return as Cal-PERS pensions: 7.75 percent.

"In these tough times, government workers are taking a lot of heat for benefits that they get and the public doesn't," **Blair** said. "This is another example of that."

CalPERS usually took about 90 days to process a member's airtime price estimate request because of how much time it takes to verify the payroll records that determine the final cost.

The crush of inquiries bogged down that turnaround time and added to a CalPERS workload already made heavier by a growing number of baby boom employees entering retirement. CalPERS staff, like many other state workers, have been taking unpaid days off, further slowing member services.

And last month, the fund switched computer systems. The two-week transition took many services offline and forced fund staff to prioritize work. Airtime purchase requests went to the back of the line.

"We anticipate our processing time to improve in the coming months" as the fund tweaks the new system, CalPERS spokesman Brad Pacheco said.

Meanwhile, pension politics are heating up, and many observers think Brown again will call for eliminating airtime as one item on a menu of proposals to roll back [retirement benefits](#).

Bruce Blanning, executive director of the state engineers union, dismissed the airtime talk as posturing over a program that pays for itself. Besides, he said, so few public employees purchase airtime that the issue is getting far more attention than it deserves.

"Like a number of features of these pension rollback plans," Blanning said, "there's not a problem to begin with. The problem is more perception than reality."

[Steve Maviglio](#), spokesman for Californians for [Retirement Security](#), said the labor coalition wants to bargain the benefit.

"Airtime is one of the issues that should be on the table in overall negotiations. It's just a tiny slice of the pie, but obviously one that some feel strongly about."