**Protecting our Pensions Know our Enemies both Old**

**and Some *Surprising* New Ones Too**

* 2013 state legislative sessions proved to be active for public education pension plans
* A coalition of public unions in Arizona stopped attempts to reduce pensions.
* A Republican effort to ban new Florida state workers, teachers and county workers from joining the state’s DB plan, and steering them instead toward a 401(k)-style investment plan died in the state Senate due in part from efforts of the state public union coalition.
* 2013 state legislative sessions proved to be active for public education pension plans
* The Louisiana legislature ended their session without acting on Governor Jindal’s proposed “clean up” legislation to fix cost problems with a cash balance plan law approved by the Legislature last year. The state Supreme Court ruled the law unconstitutional. The Louisiana state pension coalition targeted key legislators with petitions, press conferences, and editorial board visits. Their tactics were crucial in preventing Jindal’s pension plan from ever seeing the light of day.
* The Pew Center on the States and the Arnold Foundation were in Montana strongly encouraging the legislature to adopt a cash balance plan for public employees. The state public union coalition organizing and communications efforts succeeded in winning the Governor’s support for the existing DB plan. More about them later.
* 2013 state legislative sessions proved to be active for public education pension plans
* In Oklahoma, public employee unions worked together to thwart a plan to offer new hires the choice of a defined contribution plan or the established DB plan. Although a bill to do that did pass, Governor Fallin vetoed it as to “weak”.
* Pennsylvania Governor Corbett proposed to put all new public employees in a defined contribution plan. The state public pension coalition went on the attack, pointing out the proposal’s serious flaws to the media, legislators, union members and the public. Actuarial studies bolstered the coalition’s position because they found that the governor’s plan would cost taxpayers an extra $40 billion over the next 30 years. The legislative session ended with no action taken on Corbett’s proposal.
* A number of states passed legislation in 2013 that does harm the retirement security of future, current, and retired public education employees.
* **Plan design changes:** Kentucky and Tennessee
* **Changes to the DB plan:** Montana, New Mexico, Texas, and Wyoming Montana and Nebraska reduced new employee’ retirement benefits by changing the benefit calculation formula. Illinois increased the retirement age for employees 45 years or younger. Illinois also instituted a pensionable earnings cap.
* **COLA reductions:** Kentucky, Montana, New Mexico, Oregon, and Illinois passed laws that directly reduced the monthly benefits of public education retired employees. Nebraska reduced the future COLAs of yet to be hired workers. Montana, New Mexico, Oregon, and Illinois were immediately sued, and the cases are currently in litigation.

**Know Your Enemy  
Some old enemies:**

* **ALEC**
* **Wall Street Journal (owned by Rupert Murdoch)**
* Those who believe in privatizing public entities and Anti-union idealogs (Wall Street, Jeb Bush, hedge fund managers, Rand Paul, Rick Perry, Chris Christie … I could go on for a long time)
* **Barron’s Magazine (owned by Rupert Murdoch)**
* **Network of state based groups** such as the **Heartland Institute** in Illinois, the **Manhatten Institute** in New York and the Platte Institute in my own state of Nebraska. Virtually every state has one.
* **Joshua Rauh and Financial Economics – and other so-called academics**
* Know Your Enemy  
  Some foundations:
* **Bill and Melinda Gates Foundation (has to do with so-called ed-reformers thinking we need to get rid of older teachers)**
* **Walton Foundation**
* The Eli and Edythe Broad Foundation
* Searle Freedom Trust
* The Joyce Foundation

**THE TOP TWO I WILL LEAVE FOR LATER – THEY NEED SPECIAL ATTENTION.**

* **Know Your Enemy  
  Some New Enemies:**
* **StudentsFirst**
  + Michelle Rhee
  + Believes that the current pension structures actually discourage an effective teacher corps. Unfair to teachers who only stay for a few years. Keeps poor teachers around too long.
* **National Council on Teacher Quality**
  + Michelle Rhee was on the board of NCTQ. Wendy Kopp (Teach for America) still is.
  + Bill & Melinda Gates Foundation
  + Searle Freedom Trust
  + The Eli and Edythe Broad Foundation
  + The Joyce Foundation
  + Having a DB pension plan helps get a state an “F” rating

**The threat of Bankruptcy: Detroit**

**Last December, Judge Steven Rhodes allowed Detroit to declare bankruptcy. He wrote;**

**“The Bankruptcy Clause of the United States Constitution, and the bankruptcy code enacted pursuant thereto, explicitly empower the bankruptcy court to impair contracts and to impair contractual rights relating to accrued vested pension benefits.”**

**Gabriel Roeder Smith & Company, the actuary for Detroit’s two pension funds found a total unfunded liability for the two pension plans of $977 million. The city’s emergency manager, picked by Governor Snyder, said the liability was $3.5 Billion.**

**The judge did not find City pensions to be a cause of Detroit’s financial crisis.**

**He did list 11 reasons for Detroit’s problems.**

**That list did not include the city’s pensions.**

**The judge noted objections that any real negotiations between creditors and the city never happened and the judge listed some of the bad faith arguments:**

* **The bankruptcy was the intended consequence of a years-long, strategic plan, the goal of which was the impairment of pension rights.**
* **Its genesis was hatched in a law review article that two attorneys with the Jones Day law firm wrote in 2011, which laid out in detail how to use bankruptcy to impair pensions.**
* **This is significant because Jones Day later became not only the City’s attorneys in the case, but also the law firm from which the City’s emergency manager, Kevin Orr, was hired.**
* **The plan was executed by the top officials of the State of Michigan, including Governor Snyder and assisted by the state’s legal consultants—the Jones Day law firm!**
* **The goals of the plan also included lining the professionals’ pockets while extending the power of state government at the expense of the people of Detroit.**

**Despite finding that the objectors had good evidence for their objections, the judge found that the case was filed in good faith and should not be dismissed!**

* **Moody’s Investors Service**

**Moody’s wants to force public pension plans to use a much lower discount rate - lowering an 8% rate to as low as 3.83%. This artificially increases the pension liability. In some cases it would nearly triple the pension liability- - and of course, it would radically increase required contributions and it could lower the government’s credit rating.**

* **Pew Charitable Trust**

**Pew has for many years done annual “studies” on the performance and financial status of public pension plans.**

**Year after year, these “studies” contradict the truth.**

**Pew would have policymakers and the public believe that public pension plans are in crisis and pose a significant financial threat to state and local governments and taxpayers.**

**Several years back, the Pew Charitable Trust began working with a fairly new foundation.**

**That foundation was funded by a billionaire who made millions at Enron and who took an 8 million dollar golden parachute when Enron went under.**

**He then began a hedge fund and made billions.**

**A few years ago, he left the hedge fund and began his foundation.**

* **I am going to give you his name now and I urge you to never forget it. He is truly our blood enemy.**
* **His name: John Arnold**
* **His foundation: Laura and John Arnold Foundation**
* **He is your ENEMY!**

**I need to give you a sense of his reach and of his many tentacles all operating to take our defined benefit plans away for public employees.**

* **He gives to the Thomas Fordham Institute, a right wing think tank that loves charter schools and hates public pension plans.**

**Pew and Arnold often work together.**

**In 2011 and early 2012, Pew and Arnold focused their efforts on four states.**

* **California: Provided funding on a ballot Initiative to cut Retirement Benefits.**
* **Florida: Donated $265,000 to the local conservative think-tank pushing big cuts to pension benefits.**
* **Rhode Island: A “Blatant Wall Street Gorging” promoted As a National Model cut the heart out of public employees’ pension benefits.**

**Arnold made personal financial contributions to private-equity executive-turned state treasurer Gina Raimondo, who was leading the charge to slash pension benefits.**

**He also made a six figure** **contribution to the corporate front group that spearheaded the PR campaign to make the pension cuts.**

* **Kansas: The Arnold Foundation in 2011 gave in the Koch-organized Kansas Policy Institute, which advocates replacing DB plans with DC schemes.**

**2012-2013**

* **Arizona: Provided funding to override the state constitution in order to cut pension benefits.**
* **Kentucky: In August of 2012, Pew and the Arnold Foundation made headlines in** **Kentucky with their joint report about Kentucky’s 30-year, $23 billion pension shortfall** a**nd calling for benefit cuts and changing plan design.**
* **Montana: Created a “study” that was written by an executive from the Arnold-funded Manhattan Institute. Newspapers bought the story with scary headlines. *The Billings Gazette* had “Researcher: Montana Public Pension Shortfalls Total $9,700 Per** **Household.”**
* **Philadelphia: Josh McGee, the Arnold Foundation’s vice president for public accountability, was arguing in an op-ed piece in *Philly.com* that Philadelphia schools’ current DB pension should be converted to a cash balance scheme because teachers who choose to “only teach in a Philadelphia public school for five, 10, or even 20 years” should be better rewarded while those who remain in a Pennsylvania public school classroom for an entire 30- to 40-year career should have their benefits cut.**

**2014**

* **A hit piece on public pensions, Pension reform vs. the ‘California Rule’** **by Chad Aldeman, an associate partner at Bellwether Education Partners, which recently launched Teacherpensions.org which is funded by, you guessed it, the Arnold Foundation.**

**Now – A Bomb Shell:**

**David Sirota published on Pando Daily just last month:**

**The Wolf of Sesame Street: Revealing the secret corruption inside PBS’s news division**

* **It turns out that New York’s WNET PBS station accepted $3.5 million from the John Arnold foundation to fund an anti public pension fund series on the News Hour!**

**Sirota blew the whistle on the whole scheme and his article went viral.**

**Two days later, WNET returned the money to the Arnold Foundation and the series was dropped!**

* **Then Sirota did it again. He showed the normally staid and middle of the road Brookings Institute had published a hit piece called Pension Politics: Public Employee Retirement System Reform in Four States and he pointed out that the Arnold Foundation funded it.**
* **I just found a paper published last June by the Brookings Institute was also funded by the Arnold Foundation.**

**The paper is named ARE PUBLIC PENSIONS KEEPING UP WITH THE TIMES?**

**One final note: A consultant for the Arnold Foundation is *Dan Liljenquist.***

***He was the state senator in Utah who recently pushed through Utah’s bill pension cutting benefits. He just wrote* KEEPING THE PROMISE: STATE SOLUTIONS FOR GOVERNMENT PENSION REFORM**

**Guess who he wrote for?**

**ALEC!**

**I am going to end with David Sirota’s Five Rules John Arnold and others are using to try to beat us:**

1. **Pick a credible platform for your deceptive advertising campaign.**
2. **Obscure the true identity of the deceptive advertiser and create an echo chamber.**
3. **Forward prepackaged assumptions that serve the deceptive advertiser’s goals, and do not mention facts that undermine their agenda.**
4. **Portray the deceptive advertiser as an underdog and its work as heroic, all while ignoring facts to portray the native advertiser’s opponents as an evil Goliath.**
5. **Depict the deceptive advertiser’s goals as the only possible choice**