

On January 9, 2020 during the PORAC Board of Directors meeting, President Brian Marvel appointed me to the Peace Officer Standard and Training Advisory Committee as a sitting member for PORAC. The POST Advisory Committee performs a key role as part of the Commission's team by providing a two-way communication link between the Commission and organizations that share an interest in the Commission's work. The committee meets prior to each triannual Commission meeting to review and analyze topics the Commission will later address. Advisory Committee members represent associations and organizations within the California law enforcement community, educators, and the public-at-large. Therefore, they provide valuable input on many contemporary and evolving issues in law enforcement, helping the Commission and POST better serve California's peace officers and the citizens they protect. Appointed by the Commission for a term of three-years, Committee members receive no compensation but are the stakeholders that give a considerable amount of input to the Commissioners when decisions are rendered. I attended my first meeting on February 12, 2020 in San Diego. This was an eye-opening experience as to the discussions that go on regarding POST training, and all the logistics that go into that. I look forward to serving PORAC and all of you with this group and will be reporting back to the membership regarding topics that were taken up during the committee. Decisions rendered at the POST Commission will be reported back as well.

One topic of discussion during the February 12th meeting was the dispatch academy and how a change is looking to be made in regards to attendance of this training. This topic has been discussed a couple different times during meetings with Sheriff's Admin in regards to how we are sending people to the POST Dispatch Academy.

A proposal that was made by POST administration, was to require the dispatch academy before the new hire (dispatcher) reports to their respective dispatch center. There was a good discussion and much concern over making a change of that nature. There were challenges addressed when making a change like this. The lack of dispatcher candidates statewide makes this an issue right out of the gate. Followed by the failure rates statewide for dispatcher's going through the different dispatcher training programs.

Suggestions coming from the discussion was staggering the training since it is 120 hours in segments. Maybe doing a week after a couple months of exposure, then completing the remainder of it (80 hours) after the dispatcher has completed their respective training program. There are a variety of ways it can be broken down as far as the hours. I have reached out to our own dispatchers along with FPD dispatchers and have asked for input on this issue so that I can be prepared at our next meeting in June to represent our respective groups in this region. Unknown at this time what direction this will go.

Update to the Pension System in California

I recently received a publication from PORAC President, Brian Marvel, from the coalition **Californians For Retirement Security** which PORAC is a part of, and all of us have contributed to the pension reform fund currently being held by PORAC. These are interesting facts that are being represented by CALPERS – but are very consistent with our Fresno County Employee Retirement Association (FCERA).

I get briefed quite often by Deputy John Robinson, who sits as a Trustee on the FCERA board which oversees your pension system. John has been sitting on the FCERA board for over two years. John's tenure came around the same time as some of the newer trustees. Many new decisions have been made since that time. The Pension Fund has seen tremendous growth, even with increased retirements, which have spiked monthly payroll to over \$25 million.

Due to a variety of factors that include retirements, new hires, low inflation, thriving markets on Wall Street, and a new investment strategy - I have listed below the amount employees will be paying into their pension starting July 1, 2020 through June 30, 2021.

See Table Below

	Current Ave Rates%	July 1, 2020
General Tier 1 (0)	9.88%	9.88%
General Tier 2 (-0.21)	7.10%	6.89%
General Tier 3 (-0.01)	8.00%	7.99%
General Tier 4 (+0.15)	7.08%	7.23%
General Tier 5 (+0.13)	7.17%	7.30%
Safety Tier 1 (-0.78)	13.31%	12.53%
Safety Tier 2 (-0.24)	11.64%	11.40%
Safety Tier 4 (+0.14)	10.08%	10.22%
Safety Tier 5 (+0.04)	11.92%	11.96%

As you can see from the above table – the pension system is doing very well with very little increase to employee cost, or even a reduction to the employees in some of the groups.

BOTH CalPERS AND CalSTRS ARE IN SOUND FISCAL SHAPE

CalSTRS and CalPERS are strong. Their cash flow is positive and their funded status is improving. CalPERS' market value reached \$400 billion in January 2020, reaching a new landmark and reflecting a doubling of the fund's portfolio from 10 years ago. The fund's market value has grown by \$27 billion in the last six months. That's more than it grew in the entire fiscal year that ended June 30, 2019, when it gained \$18 billion in value. CalSTRS has holdings of nearly \$224 billion, also nearly double that of 10 years ago.

UNFUNDED LIABILITY IS ONLY ONE MEASUREMENT OF PENSION SYSTEM HEALTH

Just looking at “unfunded liability” ignores important sources of system strength. According to a recent UC Berkeley study, it serves “not only to exaggerate the problems facing pension funds, but also provides a poor guide to addressing those problems.” Yet some politicians cite “unfunded liabilities” when they’re looking for an excuse to break their promise to police officers, firefighters, nurses, teachers, librarians and other public employees.

Pension systems are long-term, perpetual entities. Like a home mortgage, there is a long-term liability, but the bill is not due immediately. Pensions are pre-funded with both employer and employee contributions, and the investment returns those contributions generate. Like the rest of us, pension systems suffered during the Great Recession, but now they’re rebounding.

PENSIONS PROVIDE MODEST RETIREMENT SECURITY FOR CALIFORNIA'S PUBLIC SERVANTS

At CalPERS, the average pension for retirees is \$35,748 per year. A new retiree who just retired in fiscal year 2017-18 receives \$40,596 per year. Overall, 63 percent of all CalPERS retirees receive less than \$3,000 a month. And only 3.6 percent of CalPERS retirees receive pensions of \$100,000 per year or more -- these retirees are usually executives who hold seats in either city or county offices, or are physicians, or are senior managers for fire and police departments.

Unlike the private sector, about 33 percent of CalPERS members and retirees don't participate in Social Security for benefits, so their CalPERS pension may be their sole source of retirement income.

The average retirement age for all retirees is nearly age 60, while the average years of service is more than 20.

TAXPAYERS DON'T PAY FOR THE BULK OF PENSIONS

Some people believe that taxpayers fund the total cost of public pensions. This is not true. At CalPERS, the largest contribution comes from investment return dollars, with additional, ongoing funding from employer and employee contributions. Workers currently contribute up to 15.25 percent of their paychecks to help fund their own pensions.

In other words, 71 cents out of every public employee pension dollar is funded by CalPERS' own investment earnings and member contributions. In the fiscal year ended June 2019, CalPERS paid out nearly \$24.2 billion in pension benefits. Public workers' contributions to our pension systems have been increasing. During the last 20 years, contributions from public workers accounted for about 13 percent of the system's benefit payments, while contributions from the state made up about 29 percent. The remaining payments have come from CalPERS' investment earnings.

In recent years, state workers have been moving closer to a 50/50 split in contributing to their pensions along with their employers. The state's estimated contribution for the present fiscal year is about \$5.9 billion, according to Gov. Gavin Newsom's recent budget proposal.

Pension "reforms" passed by a bipartisan majority in the Legislature and signed by Governor Jerry Brown took effect in January 2013. These changes increased the retirement age for new employees depending on their job, capped the annual payouts at \$132,120, eliminated numerous abuses of the system, and required workers who were not contributing half of their retirement costs to pay more. CalPERS estimates it will save between \$42 billion and \$55 billion over 30 years while CalSTRS pegged its savings at \$22.7 billion over 30 years from these changes.

The Pension discussion will continue to go on for a number of years. There are people who don't like the fact that public employees receive a pension after putting in years of service to an agency. Groups like FDSA, PORAC, etc are the ones continuing to identify and push back on these discussions ensuring the promises made at the bargaining table are upheld at the term of retirement. Rest assured, at the end of your career, you can expect this pension to be there for you and your family. We work hard daily, to ensure this comes to fruition for you and your family and those promises are upheld.

Any questions you may have regarding pensions, never hesitate to ask.

Take care and stay safe!

-Eric Schmidt