Analytics

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RE: You are not allowed to know where your tax dollars are going

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As a public service and to boost government transparency, the Caesar Rodney website includes payroll data for every state government employee and all vendor transactions. While recently updating this information through June of 2011, CRI ran into a roadblock with regard to adding pension data for retired state workers.

The general assembly has written a statute into the state code that requires all pension data on individuals to be kept confidential (29 Del C &8308 (d)). In other words, the taxpayers of Delaware are not allowed to know where their contributions to the pension pot are going.

Is this a problem? Yes.

First, under Governor Markell the state pension fund has gone from being 103% funded to only 94% funded currently. The "urban legend" is that 80% funded is a sufficient standard. 80% fully funded is like owning a $400,000 house with a $500,000 mortgage. Your balance sheet is upside down and you can only continue to live in the house as long as you keep making the monthly payments. To survive recessions a pension fund should be 125% funded. Anything less leaves the taxpayers on the hook.

Second, neither the politicians nor the unions are willing to take serious remedial action. Our elected officials and the unions, together with pension fund trustees and accountants, have been giving away benefits while passing the buck to future generations. They used unrealistic double digit returns on assets; allowed retroactive pension increases; multiple promotions just prior to retirement; amortized unfunded liabilities; and, shifted toward ever riskier investments.

While the majority of Delaware's pension fund consists of contributions directly from state employees, it is not sufficient to cover all that is promised, especially the unfunded $5.7 billion of retiree health care liabilities. The Administration, General Assembly and unions are willing to dance at the fringes by changing the rules for new hires, but real change must involve incumbent employees.

Third, public pensions are very generous compared to private pensions and publication of the data will result in considerable outrage among taxpayers. As an example, the average pension for state of California 30-year service retirees is $68,000. Currently, over 4% of California state retirees receive pensions of $100,000 or more. When adjusted for inflation, the present value of these pensions makes the recipients millionaires.

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Although our elected official have been unwilling to seriously address the liabilities to state retirees, the publication of the individual pension data would provide a rallying point for taxpayers…allowing all of us to see that we have been allowing our public service retirees to "live large" beyond the taxpayer's ability to sustain this practice into the future.

Hopefully, access to the pension records can be achieved without litigation. Please contact your state senator and representative if you believe taxpayers have the right to know where their money is going and to what future liabilities they are being obligated.

Dr. John E. Stapleford, Director
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