

Mercury News editorial: Vote yes on San Jose Measures V and W

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Two measures on San Jose's ballot this fall will strengthen the city's ability to control costs and shore up services that residents consider critical -- including public safety.

Opponents of Measure V and Measure W say otherwise, but they're wrong. San Jose voters need to help Mayor Chuck Reed set a course for fiscal stability by stemming the tide of budget deficits. Both measures should be approved.

Measure V changes the rules for police and firefighter binding arbitration, a right they're granted in the city charter if they can't negotiate an acceptable contract. The measure instructs arbitrators to consider a broader range of factors, such as the rate of growth of city revenue, and prohibits granting retroactive benefits.

Measure W clears the way for a lower tier of pension benefits for new employees by taking current contribution requirements out of the city charter. A new plan would be negotiated. We're confident it will still be generous compared with the private sector, where fixed-benefit pensions largely have been replaced by 401(k) plans. But new recruits would probably not be able to look forward to getting 90 percent of their six-figure salaries upon retirement, as some police and firefighters today can.

The measures' opponents, including police and fire unions, argue that they will result in even deeper cuts to public safety. The opposite is true. By controlling per-employee costs, the city can increase services and hire more employees.

As Reed testified Friday before the Little Hoover Commission, city revenue increased 21 percent in the past decade, but employee costs went up 87 percent -- and the cost of pension plans tripled, even though the number of city employees plunged by 1,000. Something has to give.

Binding arbitration takes budget decisions out of the hands of the elected mayor and council and gives it to an arbitrator responsible to no one. Sometimes that arbitrator gives greater weight to comparable pay elsewhere than to the city's need to, for example, keep libraries and community centers open. Several years ago, an arbitrator awarded firefighters retroactive benefits that created a \$30 million unfunded liability for the city -- roughly the size of the library budget.

Indeed, the fire union's reluctance to seriously bargain and to count instead on arbitration is the main reason reform is needed. The police union bargains in good faith and generally reaches agreement on contracts. This year, for example, officers accepted a pay cut to save the jobs of 70 recruits about to be laid off. Firefighters rejected a cut that

would have saved the jobs of 49 firefighters. They now claim the department is understaffed.

As to pensions, there's a recognition across the nation that the level of public sector pensions is not sustainable. San Jose expects top quality recruits, so it will continue to offer pay and benefits that value professionalism and the risks involved in these jobs -- but it needs greater ability to control its costs. Spiraling toward bankruptcy serves no one.

It's always possible to point to better ways to accomplish a goal. But failure to approve Measures V and W would be viewed as a vote for the status quo -- and San Jose cannot afford it. Vote yes on Measure V and Measure W.