

Editorial: Water district digs partway out of hole

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Last month the El Dorado Irrigation District board of directors voted to roll back pension benefits for new hires. The vote corrects an expensive mistake the board made six years ago when it approved sweeping 35 percent retroactive pension increases for its employees. For a \$100,000-a-year employee who retires after 30 years on the job, retirement benefits jumped from \$60,000 to \$81,000 a year.

Higher benefits coupled with the stock market crash increased EID pension contribution costs from \$666,000 in 2004, the year the new benefit was approved, to \$3.03 million in 2009. It also added to a fiscal crisis that led the district board to propose – and then rescind – a 79 percent rate hike over five years.

While the vote to roll back pensions was the right step, ratepayers in the district should understand that it applies only to new hires. Employees who initially received the lavish pension benefits get to keep them.

Beyond pensions, the board also rolled back generous retiree medical benefits that had been in place since 1993 – but again, only for new hires.

Under that previous plan, current employees with only five years of service with EID or any other California Public Employees' Retirement System agency received 100 percent of the medical benefit upon retirement, an extraordinarily generous perk.

There's no need to cry for new hires. They will be eligible for a still generous retiree health benefit as well, 50 percent after 10 years of service with a CalPERS agency (only five years have to be at EID). The figure will increase 5 percent every year after the 10 years, reaching 100 percent after 20 years of service.

The retiree benefits for new hires are far more generous than what almost any private sector workers receive. They match what most state workers receive. Thus, it's worth noting that the state has been forced to eliminate vital safety net programs and furlough current employees, in part, to pay for still generous retiree benefits.

So, in reducing retiree costs for new hires, EID has done the right thing, but it may not be enough.

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