

San Jose Mercury News
A MediaNews Group Newspaper

Editorial board

MAC TULLY, President and publisher
DAVID J. BUTLER, Editor and vice president
BARBARA J. MARSHMAN, Editorial page editor

Ed Ciendamo, editorial writer
John Fensterwald, editorial writer
Teresa Alvarez, community member

Editorials

S.J. needs experts as trustees on pension boards

Public employee pension funds nationwide have taken it on the chin this year, and soon taxpayers will, too. Because values of the funds have plummeted, the public will have to cough up more to meet pension obligations to state and local retirees.

San Jose's two self-funded pension funds are no exception — in fact, they're doing worse than average. The precise impact on the city budget won't be known until next year or felt until 2010. But the near-certain additional expense, coinciding with massive budget deficits, adds urgency to Mayor Chuck Reed's call for more expertise on the city's two pension boards, one for fire and police employees and the other for non-safety workers.

Near-certain additional expense, coinciding with budget deficits, adds urgency to Mayor Chuck Reed's call for more expertise on the city's two pension boards, one for fire and police employees and the other for non-safety workers.

The seven-trustee boards include employee and retiree representatives, council members and city staff. At the Jan. 13 City Council meeting, Reed will propose amending the city code to allow financial advisers to replace two council members on each board. It's an overdue change to begin catching up to other cities.

Reed advocated this as a matter of principle even before stocks turned south. Council members face a conflict of interest in making financial decisions affecting politically active public employee unions. And few if any have the time or knowledge to provide sound financial advice or even serve as a watchdog. It took a city audit this year to reveal extravagant travel expenses by pension board trustees: trips with undocumented expenses, including to Ireland, where the funds banked some

representatives should have raised a ruckus about those expenses. Credit Councilman Pete Constant, a retired police officer and pension trustee for the civilian fund, for reaching the same conclusions as Reed.

Now he and the mayor have hard data showing that both funds have lost more in the past year than other public pension funds. As of Nov. 30, the police and fire plan was off 28.3 percent, while the plan for other workers lost 25.8 percent of its value. Losses totaled \$1.27 billion.

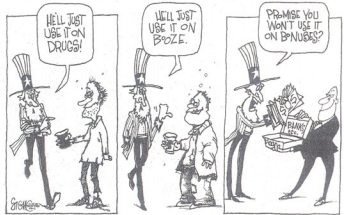
City Retirement Director Russell Crosby concluded that the funds would have done better with a more diversified portfolio. Had financial experts been on the board, they might have questioned the judgments of the fund managers and recommended alternatives.

Public pension funds with outside experts generally perform better, Crosby said. Aside from San Jose, the only city that has required council members to serve on the boards is San Diego — and its funds were so mismanaged, the city manager and mayor had to resign in 2004.

Crosby also found that both pension funds assumed overly optimistic rates of return (8.75 percent for police and fire, 9 percent for the civilian plan). The city's and employees' annual contributions are set on those assumptions, but the city must make up most of the money when earnings come up short.

Crosby, on the job for 16 months, has initiated reforms. Now council members — and perhaps other trustees — should let the pros take their

Cartoonist's view



DAVID WOLFSON — PHILADELPHIA INQUIRER

Readers' letters

Children must be first and foremost

In response to the Dec. 22 column by Patty Fisher, "Don't Roid Program Making Real Change for Kids," First 5 is a lifeline for countless children and families in Santa Clara County. From developmental disabilities services to school readiness, to mental health and general wellness programs, First 5 has expanded our state's capacity to serve young, at-risk children. It has become a cornerstone in the fostering of healthy, responsible families.

Prevention and early, effective intervention services for vulnerable children offer the greatest likelihood for positive life outcomes. To repeal Proposition 10 would reduce or eliminate critical resources that we know make a significant and lasting impact in the lives of children and families. Cutting First 5's dollars is short-sighted and will result in increased long-term costs.

We cannot afford to repeal Proposition 10!

Elaine Castillo
Clinical Director
Pediatric Specialty Center
May Institute
San Jose

Obama criticism is misplaced anger

David B. Lang (Letters, Dec. 27) misses the point. We all get it: The lesbian, gay, bisexual and transgender community is angry that they are being denied the same rights under the law. However, President-elect Obama has never supported same-sex marriage; if he had, perhaps you could feel betrayed. Obama is simply being inclusive. He is including people he may not agree with or support to be a part of this country. That is a lot more than the current administration has done.

Time is on the side of civil rights, but now is not the time according to the electorate. I voted against Proposition 8 and I hope that the courts will uphold the Constitution and overturn this law.

Kirk Walukiewicz
San Jose

How to have your say

Letters of up to 125 words will be considered for publication. All letters must include a full name, address and daytime phone number, plus any affiliations that would place your opinion in context. The full letter policy, and additional letters, are available at mercurynews.com/opinion.
E-mail: letters@mercurynews.com (no attachments)
Mail: 750 Ridder Park Drive, San Jose, CA 95190
Fax: (408) 271-3792
Phone: (408) 920-5572

criminate attacks and disproportionate use of force by Israel. Israel claims this was in response to rocket attacks. The truth is that people have the right to resist occupation and the crippling blockade that is depriving an entire population of basic needs. Israel has raided refugee camps before, assassinated militant leaders, leveled Palestinian homes, applied economic strangulation, all with no apparent results. The only thing Israel has not tried yet is to adopt the U.N. resolutions relating to Palestine: Stop illegal settlements and consider the rights of the Palestinians.

Dino Fiesoraz
Sunnyvale

No condemnations when Israelis perish

Where were the Arab and Muslim and world protests when Hamas lobbed rockets into Israel and killed innocent civilians? Absent as usual? Every country has the right to protect its citizens — except Israel. Only the United States has the courage to tell it as it is.

Edward Kiss
San Jose

Panetta silent on need for revenue

I have a great deal of respect for Leon Panetta and agree with many of the reforms he called for in his commentary ("A call to get

do we need to raise revenues? I believe we do. The emergency is not budget reforms or economic stimulus. The emergency is finding the money to keep our state functioning. So far no one has made a serious proposal to solve the problem with just cuts. We need to raise revenues. Panetta should be raising his voice on this issue if he wants to help our state.

Daniel Brown
Saratoga

Judge Manley gets it right

Judge Stephen Manley's judicial leadership and initiative in developing various treatment courts is complemented by his wisdom and insight in approaching the current budget crunch as "an opportunity to be creative." ("Not exactly your typical courtroom judge," Page 1B, Dec. 29). Instead of using it as a justification to drastically reduce services, he looks at the budget crisis only as a barrier to overcome. Other areas of the court focusing on family and child issues should assume that same aggressively constructive approach, such as by expanding efforts to pursue grants and develop interim programs with local universities.

This severe economic recession is a time to creatively expand the court's safety net of services, not reduce it.

Steve Baron
Retired Director,
Family Court Services
Cupertino

Thanks for great Christmas spirit

I am a 79-year-old Fremont resident. Last weekend, my nephew and niece afforded me the pleasure of a drive through downtown San Jose and other streets in Willow Glen. I was thoroughly impressed with the outstanding Christmas displays. Much time, labor and expense went into every one.

In an age when anti-Christmas forces are trying to eradicate the spirit of Christmas, it gives one hope that good people are doing so much to keep up the national traditions that have brought so much

Right to resist