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Just since Christmas, we've learned that San Francisco's retiree health plan is $4.4 billion in the red, that Santa Clara County's fire chief will collect a hefty government paycheck on top of his $200,000 annual government pension, and that UC's latest tuition increase will go mostly to pension debt even as UC's highest-paid executives are threatening to sue for more benefits. Retirement scandals are as common as weather reports, and voters are fed up.

Illustration by Lou Beach / For The Times

Gov. Jerry Brown's commitment to make the tough decisions required for the long-term health of California presents the perfect opportunity to reform the state's public pension systems, but his proposed budget solutions do not include any significant changes in this crucial area.

With the unfunded pension liabilities of California's state and local governments exceeding $700 billion, some state leaders now admit we cannot fix our budgets without reducing public employee retirement benefits. Near the end of his inaugural remarks, the governor said, "We will also have to look at our system of pensions and how to ensure that they are transparent, actuarially sound and fair — fair to the workers and fair to the taxpayers."

During the last decade, California state government payments for retirement benefits have grown at an alarming and unsustainable rate, exceeding $5 billion a year, more than state support for the entire UC system. These huge and growing slices of the budget pie are needed to pay for average state retirement packages now valued at more than $1.2 million. The taxpayers who pay for those retirement benefits have an average of $60,000 saved for their own retirement.

Local governments are facing pension bills that are starving vital services. Faced with mounting long-term budget deficits, Mayor Antonio Villaraigosa recently told labor leaders, "The days of unsustainable pensions are over." In 2002, Los Angeles taxpayers contributed just under $100 million to the Los Angeles City Employees' Retirement System, and it was fully funded. Today, that taxpayer contribution is more than $400 million, and the system is underfunded by more than $2.3 billion.

Dozens of cities are struggling to find solutions to growing retirement costs. The most sensible approach is a state constitutional framework for public retirement plans that is economically sustainable and meets Brown's test of fairness to workers and taxpayers.

Solving the crisis will take an ongoing public discussion of what voters in the state think is fair. Our organization has started asking Californians to consider a series of questions as we begin the work of fixing a broken system. Should public employees have different retirement plans than those available to employees of private companies? Should they pay half the cost of their benefits? Should public safety employees have different retirement plans than other government employees? Should retired public employees receive healthcare for life? These are all questions that need to be answered before the state tackles comprehensive pension reform.

Californians also need to familiarize themselves with the system that exists. Taxpayers are often shocked to learn that they are paying 100% of the cost of pension and retiree healthcare benefits for many public employees. When employees must contribute their own money toward their retirement, they generally opt for benefits they can afford, and if workers are given the opportunity to opt out of retiree healthcare benefits, many will continue to work until they are covered by Medicare. Delaying retirement just five years would, on average, cut pension costs in half.

Retirement plans can be structured to offer choices that fit the needs of public employees at all income levels. Pension benefits should be a safety net for those who need them the most, not an opportunity for the highest earners in the public sector to strike it rich. Capping public pensions at California's average household income would provide a sustainable plan that, combined with Social Security, would provide about 90% of the pay received during the final year of employment for employees whose wages are in the lowest quartile. Workers should also be given the option to participate in a plan similar to the 401(k) plans common in the private sector.

It's obvious that we need to change the kind of benefits we give to the next generation of public employees in the state. But that alone won't be enough. Changing current employee benefits too is crucial to avoiding the service reductions, pay cuts, layoffs and furloughs that would be necessary to keep public retirement plans afloat at their current levels. The California Constitution should be amended to allow the state's generous benefit formulas to be temporarily suspended for current employees and replaced with more modest formulas until depleted government pension funds fully recover.

Under any scenario, pension plan abuses must end. Pensions inflated by using overtime, car allowances, uniform costs and unused vacation and sick leave to increase salaries must stop. Double-dipping with both government pension checks and government paychecks must stop. Buying additional service credits at a steep discount to boost pension checks must stop. And taxpayers should be represented on public pension retirement boards by experts who operate independently, transparently and free of conflicts of interest.

Although the public employee union bosses will fight to retain them, financially unsustainable pension benefits must end. If the politicians do not address statewide pension reform in the months ahead, California voters must take action.

California's fiscal crisis demands that taxpayers protect themselves from unsustainable public employee pension benefits. If the Legislature won't respect Brown's leadership and find a fair and effective solution, he may find himself presiding over yet another taxpayer revolt.

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