
Cincinnati voters opt to reform, not replace, an underfunded public pension

By Kerry Pechter Thu, Nov 7, 2013

Voters apparently reacted negatively to a requirement in the proposal that would have required the city on the Ohio River to pay off the pension's \$862 million liability in 10 years while converting to the new defined contribution system.

"Issue 4," a ballot initiative that would have frozen Cincinnati's public employees pension plan and offered new employees a 401(k)-style retirement system, was defeated on Tuesday, with 78.4% of about 55,500 voters opposing it. Elsewhere in the U.S., similar initiatives have succeeded.

Cincinnati voters apparently reacted negatively to a part of the proposed initiative that would have required the city on the Ohio River to pay off the pension's \$862 million in promised benefits over just 10 years while phasing in the new defined contribution system.

Supporters of the initiative said that a DC plan would relieve the city and its taxpayers of the burden of large annual required pension contributions. They also argued that the initiative would remove the pension from manipulation by elected officials. They had accused City Council of choosing not to fully fund the program over the last 10 years.

About 3,500 active and 4,500 retired city employees are covered by the municipal pension fund on the ballot. Cincinnati's policemen and fireman have separate pensions, according to Gary Greenberg, spokesman for Cincinnati for Pension Reform, which collected over 8,000 signatures to put the initiative up for a vote.

Both mayoral candidates and all members of Cincinnati City Council opposed the measure, as did many business and labor groups. Opponents argued that the accelerated, 10-year payoff proposal would have meant higher taxes, cuts in city services or both during that period.

The precise wording of an initiative can have a big effect on behavior in the voting booth, and Issue 4's advocates had contested the original wording. Earlier this year, they sued over the Hamilton County Board of Elections' first proposed description of the initiative. The case went to the Ohio Supreme Court and the language was modified, but the final language included a reference to the city's need to raise taxes or cut services to fulfill the amendment.

Chris Littleton, campaign manager for Cincinnati for Pension Reform, wasn't sure whether the pension reform committee would try again for a voter-approved charter amendment. "One thing's for sure, "We have absolutely zero faith that the politicians who put us into this mess will pull us out of it," he told the *Cincinnati Enquirer*. "Not fixing it is not an option. What are we going to do, let Cincinnati go bankrupt?"

Ohio Auditor David Yost told reporter Jim Pilcher, "Elections don't change the math that Cincinnati is facing. The pension crisis in Cincinnati is not going to go away, and it will never be easier to fix than it is

right now." It only gets harder from here, and the numbers only get bigger."

The board overseeing the city's retirement system had previously voted to recommend a freeze in cost-of-living adjustments for current and future retirees, a increase in the city's annual payments into the plan to as much as \$45 million, and a \$30 million lump-sum contribution from the parking lease fund into the municipal pension fund.

The Issue 4 initiative was similar to other proposals in several other U.S. cities. Pension reform initiatives have been approved in San Jose, Calif., San Diego and Phoenix. Last month, the mayors of five California cities filed to have a pension-reform initiative placed on the statewide ballot there.

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