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Bob Filner's Risky Pension Borrowing Plan to Cost Taxpayers \$335 Million

Analysis by Pension Reform Coalition Shows Risky Borrowing Plan is a Bad Deal for Taxpayers

SAN DIEGO – October 8, 2012: Bob Filner has placed a heavy emphasis on pension obligation bonds as a way to address San Diego's skyrocketing pension costs. However, the large coalition of pension reform advocates who successfully passed the Proposition B *Comprehensive Pension Reform* initiative in June are calling attention to a risky and costly plan proposed by Filner, who is running for mayor against Carl DeMaio.

The coalition's analysis shows Filner's pension obligation bonds would cost San Diego taxpayers up to \$335 million over the next 30 years, meaning future generations would be left to pay for the city's existing pension costs.

How can Filner claim savings while actually increasing costs for taxpayers? To explain:

Filner's plan would take the City's existing unfunded pension debt (which currently stands at \$2.2 billion) and issue \$750 million in bonds to cover part of it over 30 years. While this lowers the payments required each individual year, thereby creating Filner's claimed "savings," it actually stretches payments out by decades and **runs up more interest costs, eventually costing taxpayers up to \$335 million more** than just paying down the pension debt on schedule.

Mayoral candidate Carl DeMaio, who has been one of the driving forces behind San Diego's pension reform movement since the crisis was exposed nearly a decade ago, explained the risk behind Filner's plan: "Taking out another credit card to stretch out payments on the City's pension debt and racking up hundreds of millions in additional interest is exactly the kind of risky move that got City Hall into the pension mess to begin with."

Councilmember Kevin Faulconer said: "San Diegans expect results from City Hall that fix problems and improve neighborhoods, not schemes that could squander hundreds of millions of taxpayer dollars."

Other pension reform advocates spoke out against the Filner proposal which would undermine years of work to restore fiscal responsibility at City Hall: "These kinds of shell games may be business-as-usual in Washington, but schemes like this have no place San Diego where we're committed to reform," said T.J. Zane, President of The Lincoln Club of San Diego County.

"Bob Filner's pension proposal will cost San Diegans hundreds of millions of dollars; taking away tax dollars for libraries, police officers and fire stations in the future," said Lani Lutar, President & CEO of the San Diego County Taxpayers Association. "The taxpayers deserve to know the true impact of Mr. Filner's plan. Our analysis shows that his risky plan would move the city backwards."

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