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Editorial: Public unions want moon, sweetened pensions, too

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The cloistered world of public employee unions was on display Thursday morning at the Washington Supreme Court as they argued to hold onto benefits that were tacked on in good times and rescinded when reality sunk in.

Here, courtesy of the Washington Policy Center, are the two legislative provisions the unions hope the justices will ignore:

• Gain Sharing: “The legislature reserves the right to amend or repeal this chapter in the future and no member or beneficiary has a contractual right to receive this postretirement adjustment not granted prior to that amendment or repeal.”

• Automatic cost-of-living adjustment for older pensioners: “The legislature reserves the right to amend or repeal this section in the future and no member or beneficiary has a contractual right to receive this postretirement adjustment not granted prior to that time.”

Clearly, both pension sweeteners were meant to be contingent on future circumstances. When the economy wrecked the state’s budget, lawmakers rescinded the add-ons. But the unions are arguing that discontinuing the goodies amounts to a breach of contract, and they’ve gotten lower courts to agree.

Gain-sharing was adopted in 1998, during the go-go days of rapid stock market gains. It allowed for returns over a certain percentage to be converted into future benefit gains. Missing was a provision for what would happen when gains turn into losses. The only nod to this possibility was the aforementioned passage that would allow legislators to proclaim “deal off.” Sure enough, by 2006 the state was on the hook for about $900 million to cover gain-shared benefits that were supposed to pay for themselves. The following year, the Legislature ended gain-sharing and gave affected workers an enhanced early retirement benefit instead. Not good enough, said the state teachers union, and it sued.

The automatic cost-of-living adjustment of 3 percent per year was given to pensioners in two of the state’s oldest plans: Teachers Retirement System Plan 1 and Public Employees

Retirement System Plan 1. Such plans were discontinued for new employees in 1977, because the state couldn't afford them. Though they are the biggest unfunded liabilities in the state's pension system, the Legislature granted those COLAs anyway. In 2011, lawmakers rescinded them, and the unions sued.

Among other things, the unions are arguing that under the principle of shared sacrifice in tough times all citizens should have to surrender something, not just them. To which we can only say, "Wow. Where have they been?" While unions cling to *an addition* to their pensions, private sector workers have watched theirs disappear. They've also endured pay cuts and layoffs. In addition, government services have been gutted, tuition has soared and tens of thousands of people have been kicked off the Basic Health plan.

If the COLA and gain-sharing are restored, it will cost the state $10 billion over 25 years. In the meantime, the state needs to come up with billions more to satisfy the Supreme Court's edict for funding basic education.

Have mercy on us, justices. We've sacrificed plenty.

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