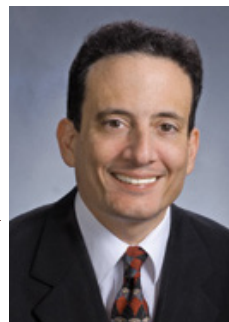


ECONOMIC DEVELOPMENT: KEY TO RETIREMENT SECURITY

By Jonathan Lightman, Executive Director



Let us face it. Attacks on public pensions are going to continue until the economy improves.

Think about it this way: Around 15 years ago, when the fundamentals of the economy were strong - low unemployment, balanced budgets, rising stock market - there was no credible movement to eliminate our retirement systems. In fact, the opposite dynamic occurred with both Democrats and Republicans developing plans to enhance public pensions as a means of recruiting more to the teaching profession. FACCC and the Los Angeles College Faculty Guild jumped aboard that bandwagon in cosponsoring the largest CalSTRS increases in modern history, signed into law by none other than Republican Governor Pete Wilson.

Today's scenario presents a bleaker picture with more economists predicting a double-dip recession than an immediate end to the morass. The recent debt-ceiling debacle in Washington, DC is emblematic of a political culture producing the opposite result of what the economy really needs. Sadly, the recently constructed federal deal will have serious reverberations on the California budget, with California Community Colleges once again likely to absorb more pain.

Like other community college organizations, FACCC is continuing to fight on multiple fronts to protect our faculty, our institutions, and our students. Preservation of the Defined Benefit system

within CalSTRS is the major battle in a multi-front war to create retirement security for both full- and part-time faculty.

If we are serious about ending the attacks on public pensions, however, we must fix the economy. The idea that the states can look to Washington, DC for answers has been temporarily shelved by the debt-ceiling deal. It is now time for the mini-nation states, like California, to lead.

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Enter Lt. Governor Gavin Newsom and his recently released report, entitled *An Economic Growth and Competitiveness Agenda for California* (available at www.FACCC.org). It is a compelling document focusing on the need to develop a "Next Economy," a regionalized, production-based economy, focusing on exports and global competitiveness. Higher education plays a prominent role, particularly the community colleges,

in preparing for the critical mid-skill jobs of the 21st Century. Like anything else, the report is not a panacea; it is a roadmap, not a cure.

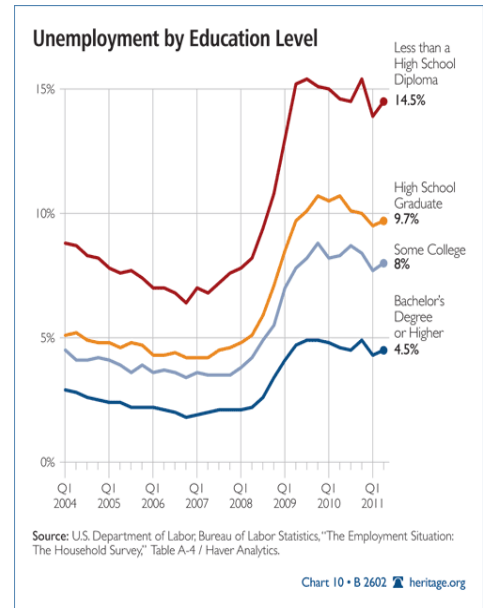
It is noteworthy that the report owes its origins, at least in part, to a Republican legislative fact-finding trip to Texas. One of the trip's organizers, Assemblymember Dan Logue (R - Chico), reportedly invited the liberal Newsom to participate. While Newsom drew different conclusions from his GOP counterparts on the Texas experience, both he and his Republican colleagues understood the need for California to act like Texas in developing a coherent economic plan. As Newsom commented

to the *LA Times*, “We don’t have a jobs plan. We haven’t had a plan in over a decade. Texas has a plan. One thing is not a myth: They’re aggressive, we’re not. They know what they’re after, we don’t. They have an organizational framework to deliver on a plan. We don’t.”

Miracles will not happen overnight, and the existence of a roadmap (it is not yet a plan), does not guarantee anything. However, this roadmap has the blessings of the Governor, legislative leaders, organized labor, and business—meaning, it may lead somewhere productive. As such, FACCC, in conjunction with other community college organizations, most notably the California Community College Association for Occupational Education (with whom FACCC has a contractual relationship), has already begun working with the Lt. Governor’s Office to position community colleges in these overall discussions. We are exercising a sense of urgency because there is no time to waste.

This brings us full circle to retirement. Ultimately, public pensions are dependent upon a stable corps of active workers paying into a system to benefit those who have already retired. The model can sustain itself indefinitely, provided: 1) the level of contribution by workers is at least equal to, or greater than, the level of outflow to retirees; 2) the stock market behaves. Right now, the market is volatile because consumer confidence is low and the fundamentals of both the domestic and global economies are weak.

While we spend our political energy fighting the attacks on our hard-earned retirement, we need to spend our legislative attention fixing the economy. If Newsom’s plan presents a credible start with a defined and appropriate role for California Community Colleges, we need to jump on board. #



From Lt. Governor Gavin Newsom’s Report: *An Economic Growth and Competitiveness Agenda for California*

Firms that innovate, firms that manufacture, and firms that export all tend to create more and better-paying jobs at all levels, from R&D to operations, than those that don’t. However, these benefits will only flow to states, communities, and workers who have the globally competitive skills to secure them.

Despite California’s strong system of public higher education and the superior talent it attracts and produces at the highest levels, the state remains unable to effectively educate and train a workforce skilled enough for the Next Economy, leaving positions unfilled in the midst of record-high unemployment.

Every segment of the education pipeline from preschool through the elementary, secondary, and post-secondary systems is producing an inadequate supply of the skills needed in the Next Economy—from college graduates with bachelor’s degrees to [Science, Technology, Engineering and Mathematics] STEM graduates and wind turbine technicians.

Moreover, even as the nation’s education performance has steadily slipped in international comparisons, California’s has fallen into the bottom tier—46th among the 50 states on primary and secondary achievement, according to the *Education Week* index of state standing in education.