Bill Ohm's Comment published in the Wall Street Journal on Tuesday, June 19, 2012:

Our pay is set by our Constitution at $100 per year. That was in 1889. Our pension is zero. Our health insurance is 100% of the cost. So Wednesday we voted to do something about it. We put a Constitutional Amendment on the November ballot that prohibits a personal income tax. We want to keep what we earned. What's fair is fair.

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Steven Malanga: State Politicians and the Public Pension Cookie Jar

Scott Walker's victory in Wisconsin should energize efforts around the country to reform one of the biggest perks protected by public-employee unions: retirement benefits, which are piling up to the tune of $3 trillion in unfunded promises to state and local workers. But for reformers to tackle this issue, lawmakers have to overcome one crucial special interest: themselves.

Legislators in dozens of states have crafted retirement perks that are even more generous than those of their government employees. As states and municipalities confront the crushing cost of pension promises, these elected officials are being asked to rein in a system they benefit from.

Illinois residents recently got a glimpse of the double standard at work when they learned how former Chicago Mayor Richard M. Daley had gamed the system. In early 2011, as he was ending his 22-year tenure, Mr. Daley complained of the growing cost of government and warned that rich pension benefits for public workers might sink Chicago's budget. But he didn't mention that he had exploited the system he was criticizing to boost his own final retirement package to $183,000 a year.

According to the Chicago Tribune, Mr. Daley hit the jackpot using an obscure loophole in Illinois pension law. As a former assemblyman, he is allowed by the retirement plan to collect both a legislative and mayoral pension. What's more, while mayor he was allowed to re-enter the state legislature's pension system for a month so that his legislative pension would ultimately be based not on his small legislative salary of $17,500, but on the much larger salary he earned as mayor. The result: He now collects an additional $50,000 a year in retirement pay.

Elected officials in dozens of states enjoy similarly generous deals. In Arizona, Florida and Kentucky, for instance, the pensions of legislators are calculated with a more generous "multiplier" than those of regular employees. (The "multiplier" is used in the equation that translates a worker's years of service into the percentage of his final salary that he will receive as retirement pay—the longer one works, the larger the percentage.)

In Arizona, the multiplier for all current legislators is four, or nearly twice that of ordinary government workers. The Arizona Republic newspaper estimates that a lawmaker retiring after 20 years with a $100,000 salary would receive a pension of $80,000 annually, while a state worker would garner $43,000 for the same years of work. (Legislation last year lowered the multiplier for new lawmakers to three—still a premium over other workers).


Associated Press
Former Chicago Mayor Richard M. Daley.

Lawmakers in some states also enrich themselves by basing pension calculations on something other than salary. This is particularly common in states with part-time legislatures that pay low salaries. Raising salaries or making legislators full-time isn't politically popular, so lawmakers instead arrange the pension system to provide greater benefits in retirement.

In Texas, a lawmaker's pension is figured not from his final salary but from the average salary of the state's judges. Last year, USA Today reported on long-serving Texas Rep. Tom Craddick, who despite his part-time legislator's salary of $7,200 is guaranteed a yearly pension of $125,000.

Another trick in more than a dozen states: Calculate pensions based not only on salary but on expenses, too. In some cases, legislators don't even have to verify their expenses by filing receipts. They are simply granted per diems that automatically get piled on top of their final salary.

In Minnesota, per diems range from $77 for representatives to $86 for senators throughout a 140-day legislative session, according to the St. Cloud Times. That increases legislators' pay by nearly one-fourth.

USA Today detailed the case of South Carolina state Sen. David Thomas, whose $32,390 pension was triple his part-time legislator's salary of $10,400—thanks to the Palmetto State allowing lawmakers to boost their retirement pay by adding expenses on top of their salaries. The law also allows legislators to collect pensions while still in office. Gov. Nikki Haley, who served five years in South Carolina's House of Representatives, hasn't yet made good on her promise to reduce the cost of legislators' retirement plans.

Then there's double-dipping, or legislators collecting two checks from government (which other government employees are barred from doing). Some 20 states allow government workers, if elected to office, to retire from their previous jobs and start collecting pensions while also collecting their legislative salaries. This year the Sunday Telegram in Worcester, Mass., described the case of state Sen. Michael O. Moore, who earns $75,845 annually as a legislator and $28,840 in state pension payments for having retired as an assistant deputy jail superintendent.

In New Jersey, elected officials can start collecting their lawmakers' pension once they qualify for it (based on a complex system of accumulating so-called retirement credits), yet stay in office and also garner a salary. One New Jersey state senator, Loretta Weinberg, justified taking a $36,000 pension while still collecting a $49,000 salary on grounds that she had lost money in the Bernie Madoff scandal. Despite taxpayer anger after press reports of her dual incomes, Ms. Weinberg's colleagues elected her majority leader in November 2011.

Although New Jersey passed pension reform for government employees last year, the law did little to restrict legislative prerogatives. The online site New Jersey Watchdog recently reported on a triple-dipper: state Sen. Fredrick Madden Jr., who earns a $49,000 salary as a senator, a $106,983 salary as a police academy dean, and an $85,272 annual pension as a retired police officer.

Given all these advantages, it's not surprising that legislators have been slow to change their states' pension systems. Politically powerful government unions play a major role in keeping state and local pension systems expensive, but legislators often have an even greater interest in the current system—their own generous retirement packages.

Mr. Malanga is a senior fellow at the Manhattan Institute and a contributor to PublicSectorInc.org.