

## Top Ten Enemies of Defined Benefit Plans

At the District 5 Fall Conference held in Beaumont on October 4, 2012, Don Vardeman, TRTA Secretary-Treasurer, outlined for those in attendance the **Top 10 Enemies of Defined Benefit Plans** and encouraged that all of us inquire of political candidates whether they have received support from any on the Top 10 list. With a condensed summary of their actions **against** defined benefit plans and **for** defined contribution plans, they are as follows:

### **ENEMY NUMBER ONE: Laura and John Arnold Foundation**

- Founded in 2008 by John and Laura Arnold
- Asserts that DB plans are fiscally irresponsible
- Published "Creating a New Pension System" and "GASB Won't Let Me- A False Objection to Public Pension Reform" in 2012 advocating for pension reform.

### **ENEMY NUMBER TWO: John Arnold and Laura Arnold**

- John's net worth on 2011 was \$3.3 billion
- Former natural gas trader at now collapsed Enron
- CEO of now closed Centaurus Energy Master Fund in Houston
- Laura is a Houston-based attorney
- Former executive at a Houston-based energy company
- Sits on board of "Teach for America"

### **ENEMY NUMBER THREE: Texas Public Policy Foundation**

- A 501(c)3 non-profit, nonpartisan research institute
- Their Center for Fiscal Policy published numerous studies in 2011 stating opposition to DB plans
- Their Director is Talmadge Heflin, **who served twenty-three years in the Texas House of Representatives and contributed to the ERS fund and is now receiving a Defined Benefit annuity! He also gets a COLA when the legislature passes a pay raise for judges.**
- Supports the switch of all public sector plans to DC plans
- Noted contributors include: Cato Institute, State Policy Network, Heritage Foundation and Koch Industries PAC

### **ENEMY NUMBER FOUR: Bill King**

- Former mayor of Kemah, Texas & noted Anti- DB player
- Often writes opinions/editorials for Houston Chronicle which bash Defined Benefit pension plans
- Has connections with Greater Houston Partnership
- Official website (<http://www.billkinghouston.com>), and has not been updated since November 2011
- Has worked with the Texas Public Policy Foundation

### **ENEMY NUMBER FIVE: Josh B. McGee**

- Arnold Foundation Vice President for Public Accountability Initiatives
- BS/MS Industrial Engineering; PhD in Economics, University of Arkansas; former Doctoral Fellow and Research Associate in Department of Education Reform at University of Arkansas
- Author of LJAF special report on pension reform

### **ENEMY NUMBER SIX: Michael C. Nichols**

- Chair of the Financial Management Task Force for City of Houston; former Senior VP, Administration, General Counsel and Corporate Secretary of Sysco Corporation
- Directed and implemented the elimination and conversion of Sysco's DB plan into a 401 (k) plan
- Leading advocate of converting city DB plans into DC plans; claims pensions are the leading issues facing city deficits
- Proponent of fundamental pension reform at state and city levels

### **ENEMY NUMBER SEVEN: Jason Richwine, PH.D. Heritage Foundation**

- Senior Policy Analyst for Empirical Studies & joined the Domestic Policy Studies department which provides modeling and research assistance to the public policy community
- His articles have been published in the Wall Street Journal, New York Times and the Dallas Morning News

### **ENEMY NUMBER EIGHT: Andrew Biggs, Ph.D. Amer. Enterprise Institute**

- Resident Scholar with research areas in State/Local Government Pensions, Public and Private Sector Compensation and Social Security Reform
- Previous experience includes :Deputy Commissioner of Social Security Administration, Associate Director of the National Economic Council and Social security Analyst for the Cato Institute

### **ENEMY NUMBER NINE: Charles and David Koch**

- Estimated combined worth is \$44 billion; own virtually all of Koch Industries, a conglomerate headquartered in Wichita, Kansas, whose annual revenues are estimated to be a hundred billion dollars
- Lifelong libertarians and have given more than a hundred million dollars to right-wing causes, action groups, think tanks, and individual politicians
- Charles Koch co-founded the Cato Institute; David Koch created Citizens for a Sound Economy, an advocacy group to pursue the Koch agenda
- Citizens for a Sound Economy have since split into two entities: FreedomWorks, headed by former Rep. Dick Armey (R-TX) and Americans for Prosperity Foundation with David Koch as Chairman
- Monies dispersed to these organizations and candidates have political ties to the elimination of public DB plans; as of July 9, 2012, over \$1.1 million has been donated to candidates who support pension reform.

### **ENEMY NUMBER TEN: American Legislative Exchange Council (ALEC)**

- No other organization in America has such assets as this group in terms of funding, ideas and influence on key decision makers
- Engaged in the pension reform debate and the elimination of DB plans
- Their policy goal, per their website involves addressing States unfunded liabilities. They believe that States should consider replacing their outdated defined -benefit plans with 401 (k) -style defined contribution plans for new employees. This would provide new employees with secure and portable retirement assets, and could potentially eliminate the nearly \$3 trillion in unfunded pension liabilities facing the states.