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## **Schwarzenegger backs off pension privatization plan**

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SACRAMENTO - In a dramatic policy reversal Thursday, Gov. Arnold Schwarzenegger backed off his plan to privatize California's public employee pension system, saying "misconceptions" by firefighters and police officers that it would strip them of death and disability benefits had come to dominate the issue.

Schwarzenegger, who launched an aggressive pension reform initiative in January, said he would wait until the June 2006 election to put it on the ballot if lawmakers didn't craft a compromise measure in coming months.

"Let's pull it back and do it better," said Schwarzenegger, who was flanked by more than a dozen police, fire and local government leaders. "That's what this is about. We're saying, 'Let's do it better.'"

The move followed days of meetings with police and fire chiefs and survivors of firefighters and police officers killed in the line of duty, all of whom expressed concerns that the ballot language opened possibilities of employees losing death and disability payments.

Schwarzenegger said that was not his intention, but noted that most public safety officials perceived it as a potential result. The attorney general's office, analyzing the proposed ballot language, had earlier reached the same conclusion.

Schwarzenegger, who has called the state's pension system "another government program out of control," aimed to reel in escalating state contributions to public employee retirements by making new employees after 2007 use 401(k)-style individual investment accounts.

The state's contribution this year is \$2.6 billion, up from \$160 million in 2000.

The announcement comes amid an escalating political war over the issue. Wednesday, the state Senate rejected Schwarzenegger's nominee to the California State Teachers Retirement System in retaliation for the governor's Feb. 11 firing of four nominees who opposed his position a week earlier. The CalPERS board voted 9-3 on Feb. 16 to oppose the plan, with CalPERS President Rob Feckner saying it "relates to the very survival of CalPERS."