



AMERICANS FOR LIMITED GOVERNMENT

9900 MAIN STREET SUITE 303 • FAIRFAX, VA 22031 • PHONE: 703.383.0880 • FAX: 703.383.5288 • WWW.GETLIBERTY.ORG

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The Honorable Devin Nunes
United States House of Representatives
1013 Longworth House Office Building
Washington, DC 20515

Dear Representative Nunes:

Americans for Limited Government strongly supports your effort to create transparency in the public pension system, and prevent future state bailouts due to reckless, unfunded state and local government employee pension promises.

The state and local government pension system is significantly underfunded, but the extent of the problem is hidden through the use of arcane laws designed to mislead the public. Ironically, retired or retiring public employees are the ones who at most risk to be harmed from this current system, as they are often completely unaware of the relative solvency of their pension fund and the possibly devastating effects that they might have on their futures.

The ticking time bomb of public pension shortfalls is exemplified by reports that show unfunded liabilities in all fifty states totaling between \$1 trillion and \$3 trillion. The very fact that this variation is so wide due to lack of transparency in current government accounting rules makes the primary case for your transparency legislation.

To put the scope of the impact of the pension shortfall into perspective, the \$2 trillion variance in estimates of state government pension shortfalls is around 1.5 times our nation's current historically high budget deficit. It is simply inexcusable for public employee pension funds to not have to expose their books in clear, concise fashion so the scope of the problem can be defined, and eventually solved.

Most significantly, your provision wisely goes beyond transparency and puts a halt to attempts by public employee unions to get state and local bailouts if these dramatically underfunded pension funds have recklessly promised and spent taxpayer funds. Your legislation's unequivocal declaration that the federal government won't bailout these state and local big spenders ends the state public employee pension bailout debate before it starts, and you are to be commended for this pro-active action.

We look forward to working with you to increase transparency and prevent federal government bailouts of state and local public employee pension funds.

Sincerely,

William A. Wilson
President