



February 7, 2011

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

Dear Representative Nunes:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I write in support for your “Public Employee Pension Transparency Act,” which would provide a much-needed dose of financial transparency for state and local government employee pension plans.

Pension shortfalls, whose fundamental causes predate the slumping economy, are leaving many states strapped for cash and questioning how best to remedy the problem. Estimates of the total unfunded liabilities across all 50 states are staggering: between \$1 trillion and \$3 trillion. The wide range in those estimates can be attributed in part to obscure government accounting rules, particularly relating to asset and liability valuations. Because states have few real disclosure requirements, they are at grave risk of jeopardizing retirement packages for active and retired employees and putting taxpayers on the hook for unaffordable benefit schemes.

By denying federal tax benefits for bonds unless state and local governments file annual reports on their employee pension plans, your legislation would encourage administrators and lawmakers to confront the grim realities of massive unfunded liabilities. No longer should we allow taxpayers to be kept in the dark and deceived by inaccurate or incomplete reporting on pensions. More extensive reporting of assets, liabilities, and projections of future performance will more thoroughly inform the public about the true cost of pension benefits and allow for a sober-minded assessment of potential solutions.

This bill would provide an important bulwark against a federal bailout of failing state pension systems. By bringing data into the light of day, the Public Employee Pension Transparency Act will encourage honest governance as states and localities tackle their pension challenges. We commend your efforts to increase accountability within state and local government pension plans, for the sake of both beneficiaries and taxpayers, and look forward to helping you enact this critical legislation as quickly as possible. Roll call votes on the Public Employee Pension Transparency Act will be heavily weighted in NTU’s annual Rating of Congress.

Sincerely,

Andrew Moylan
Vice President of Government Affairs