Pensions in the Trenches: Are Rising Local Pension Costs Crowding Out Public Services?

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In at least a few large cities in the U.S., rising public-employee retirement costs have forced local officials to make painful decisions about retirement benefits, public service provision, taxes, and even bankruptcy. By some accounts, the events unfolding in cities like Chicago, San Jose, and Detroit are part of a much larger trend. Others argue that while states and cities with the worst-managed pensions dominate the news cycle, most state and local governments are in fairly good condition. This talk will weigh in on this debate through an analysis of new data on the annual pension expenditures of roughly 800 local governments from 2005 to 2016, including municipal governments, counties, school districts, and special districts. By combining this new dataset with data on local finances and employment, Anzia will answer a number of questions about how local governments are coping with rising pension costs: Have they pursued increases in revenue, and if so, in what forms? Are they employing fewer people, perhaps reducing the size of the police force or the fire department? And does the strength of public-sector unions affect the amount of local spending on retirement costs, the degree to which retirement costs have changed, or the way in which local governments have responded to changes in their retirement costs? The talk will therefore draw conclusions about the consequences of rising pension costs and whether the country is entering a new era in which local government provides less service at higher cost.

Sarah F. Anzia is the Michelle J. Schwartz Associate Professor of Public Policy and Political Science at the University of California, Berkeley. She studies American politics with a focus on state and local government, interest groups, political parties, and public policy. Her book, Timing and Turnout: How Off-Cycle Elections Favor Organized Groups, examines how the timing of elections can be manipulated to affect both voter turnout and the composition of the electorate, which, in turn, affects election outcomes and public policy. She has also published widely on topics such as the politics of public pensions and the role of government employees and public-sector unions in elections and policymaking in the U.S. She has a Ph.D. in political science from Stanford University and an M.P.P. from the Harris School at the University of Chicago.

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