

Findings From A Survey Of 1000 Registered Voters Nationwide



PUBLIC OPINION STRATEGIES



THE
MELLMAN
Group
RESEARCH
BASED
STRATEGY

Key Findings

- Voters Have Generally Favorable Views Of Public Employees
- There Is Limited Awareness Of Pension Problems, And Uncertainty About Change
- Priorities For A New System Center On Loopholes, Sustainability, Retirement Security And The State Making Its Payments
- There Is Majority Support For All The Four Approaches Tested
- As Voters Hear More, There Is Some Shift Towards Change, But Opposition Continues Among Democrats And Labor

Methodology

- 1000 Registered Voters Nationwide
- Interviews Conducted Oct 9-13, 2013
- Margin Of Error +/- 3.1% Overall, Higher For Subgroups

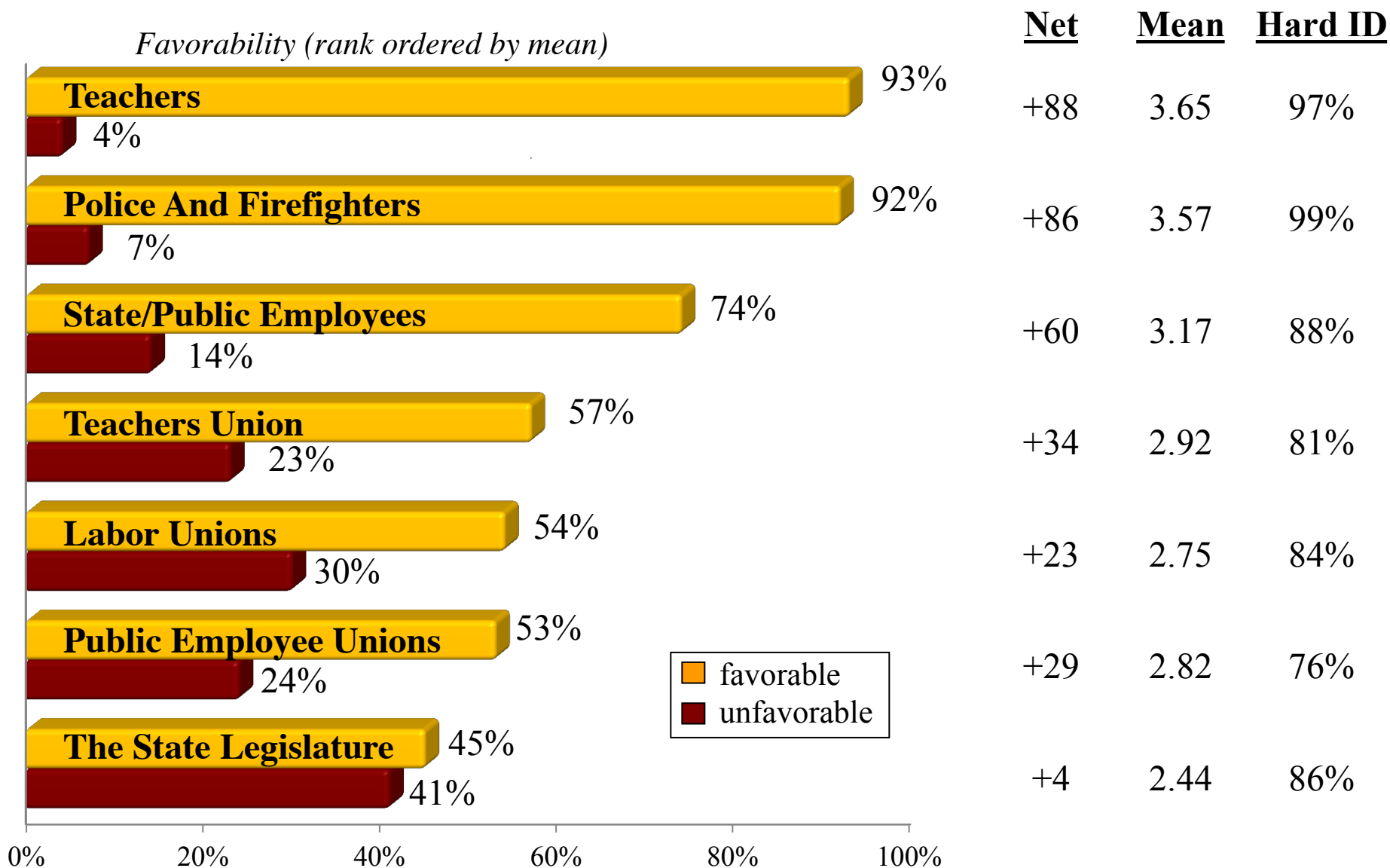


**There Are Good Feelings
About Public Employees And
Limited Objection To Their Benefits**



Public Employees Receive High Favorable Ratings

Favorability (rank ordered by mean)



The Rankings Are Similar Across Party, Though Unions Do Not Fare Well With The GOP

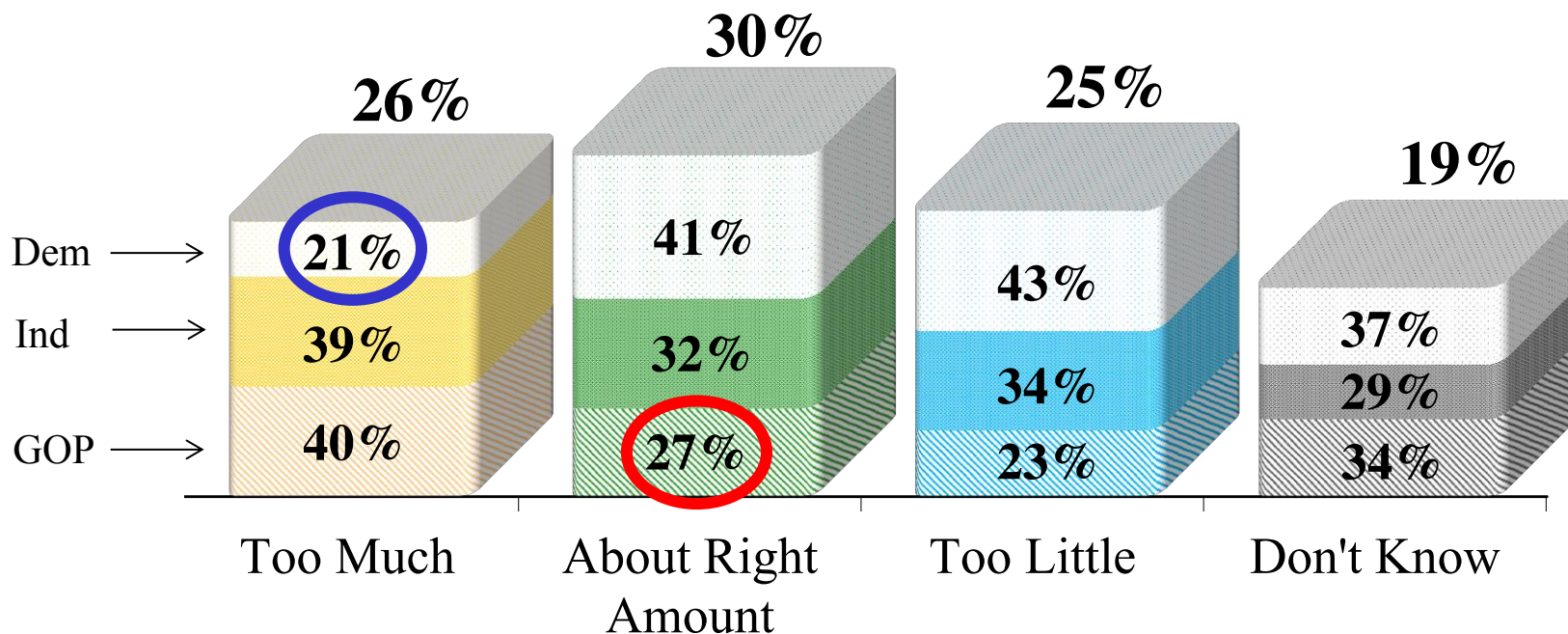
Favorability By Party ID <i>(Net Favorable)</i>	Total	Dem	Ind	GOP
Teachers	+88	+93	+86	+86
Police And Firefighters	+86	+85	+86	+86
State/Public Employees	+60	+69	+60	+48
Teachers Union	+34	+66	+36	- 7
Labor Unions	+23	+56	+19	- 9
Public Employee Unions	+29	+59	+30	- 8
The State Legislature	+4	+3	- 2	+12



Only A Quarter Feel Public Employees Get Too Much In Retirement Benefits

Attitudes Are Not Set By Party Ties: Over One In Five Saying "Too Much" Are Democrats, While Over One In Four Saying "About Right" Are Republicans

When you think about the retirement benefits state employees receive, do you think they are getting...

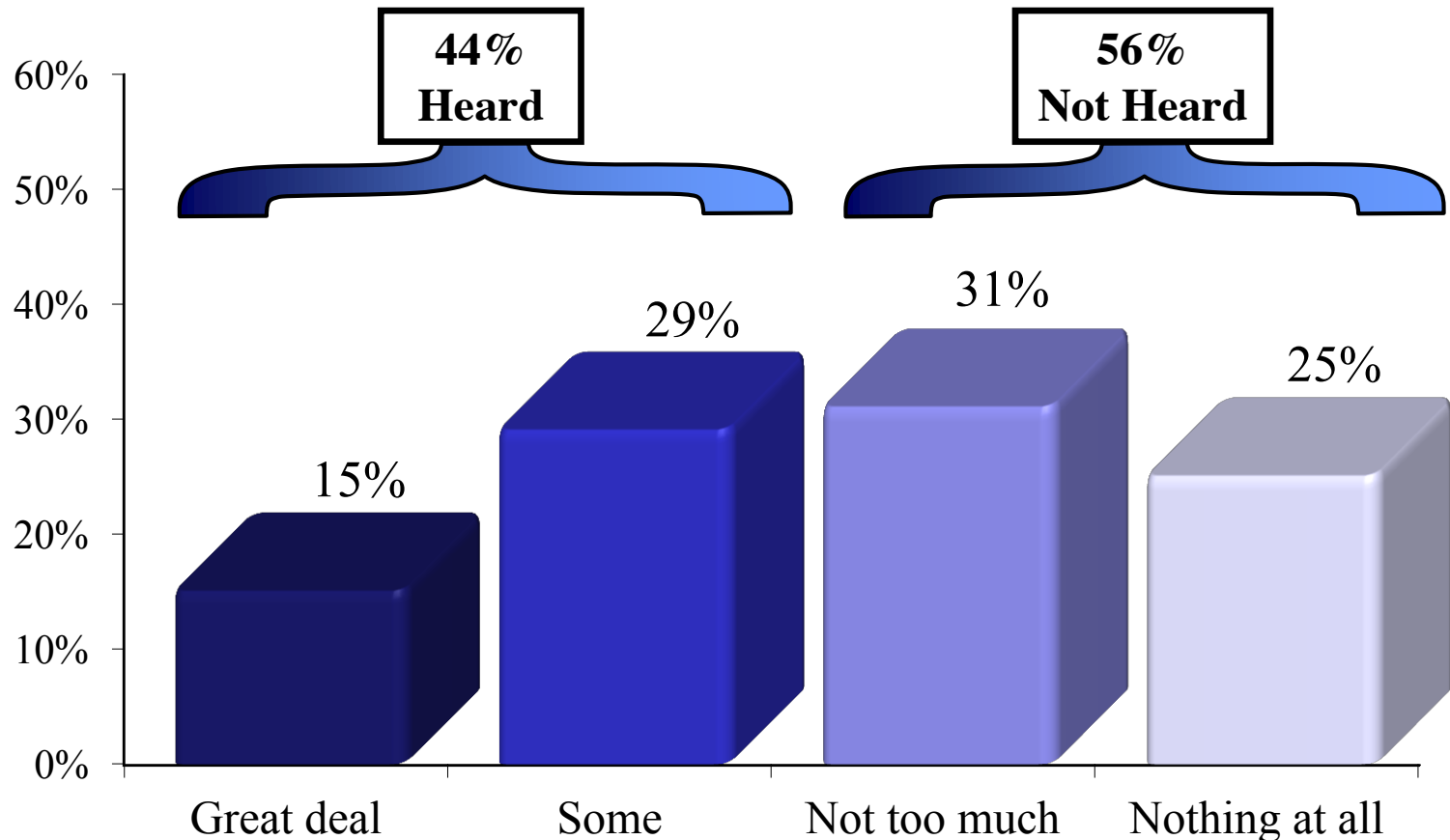


There Is Limited Awareness Of Pension Problems, And Uncertainty About Change



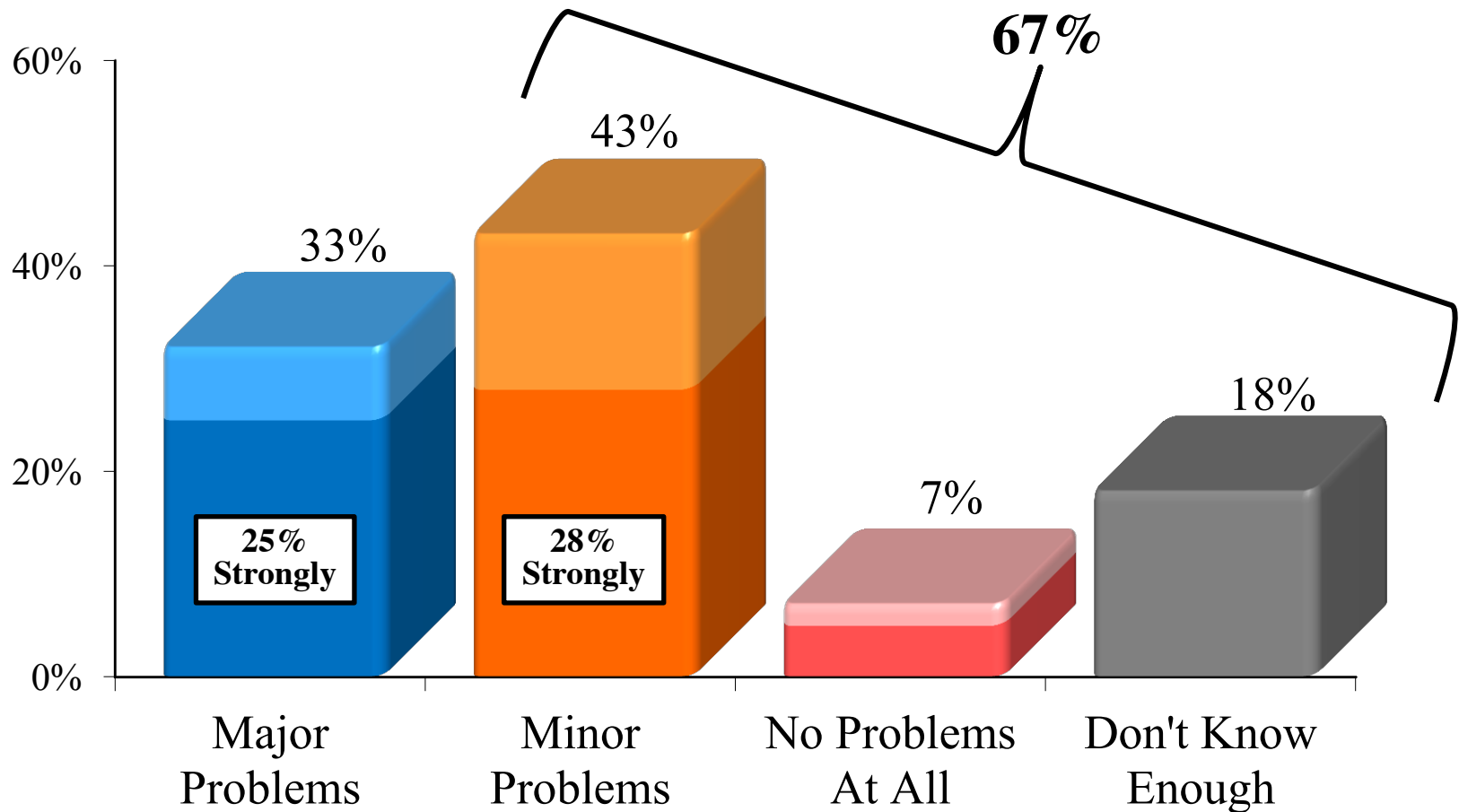
Some Are Aware Of Problems, But Most Have Heard Little

How much, if anything, have you heard about problems with the funding for the retirement system for public employees in your state?



A Third See Major Problems, But Two-Thirds See At Most Minor Problems

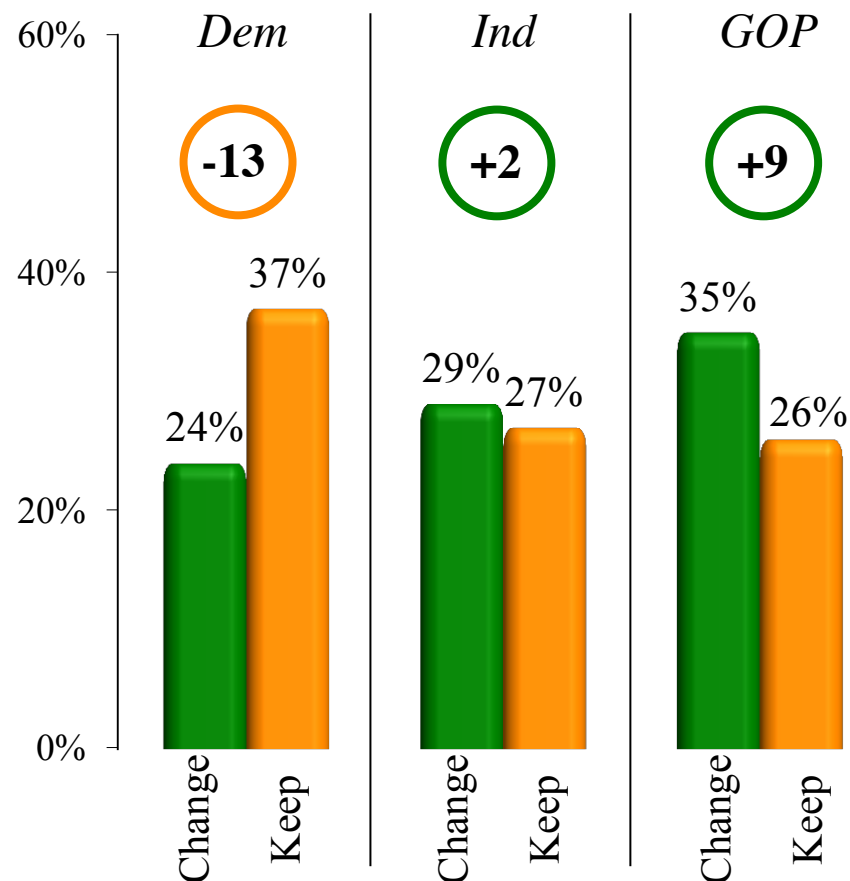
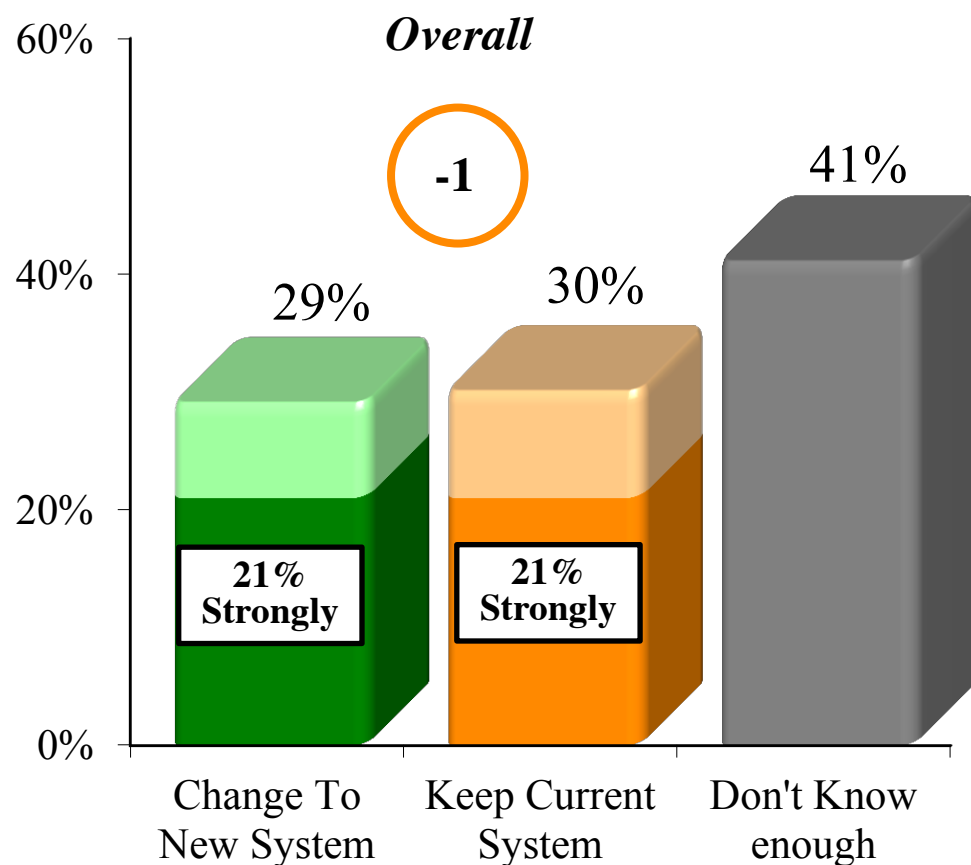
Do you think that there are major problems in the current public employee retirement system, do you think there are minor problems, or do you think there are no problems at all?



Voters Are Divided Between The Current System And Change; But The Plurality Don't Know

Republicans Are More Pro-Change, But Still Generally Unsure

When it comes to you state's retirement system for public employees, do you think your state should change to a new system or keep the current retirement system for public employees, or don't you know enough to have an opinion?

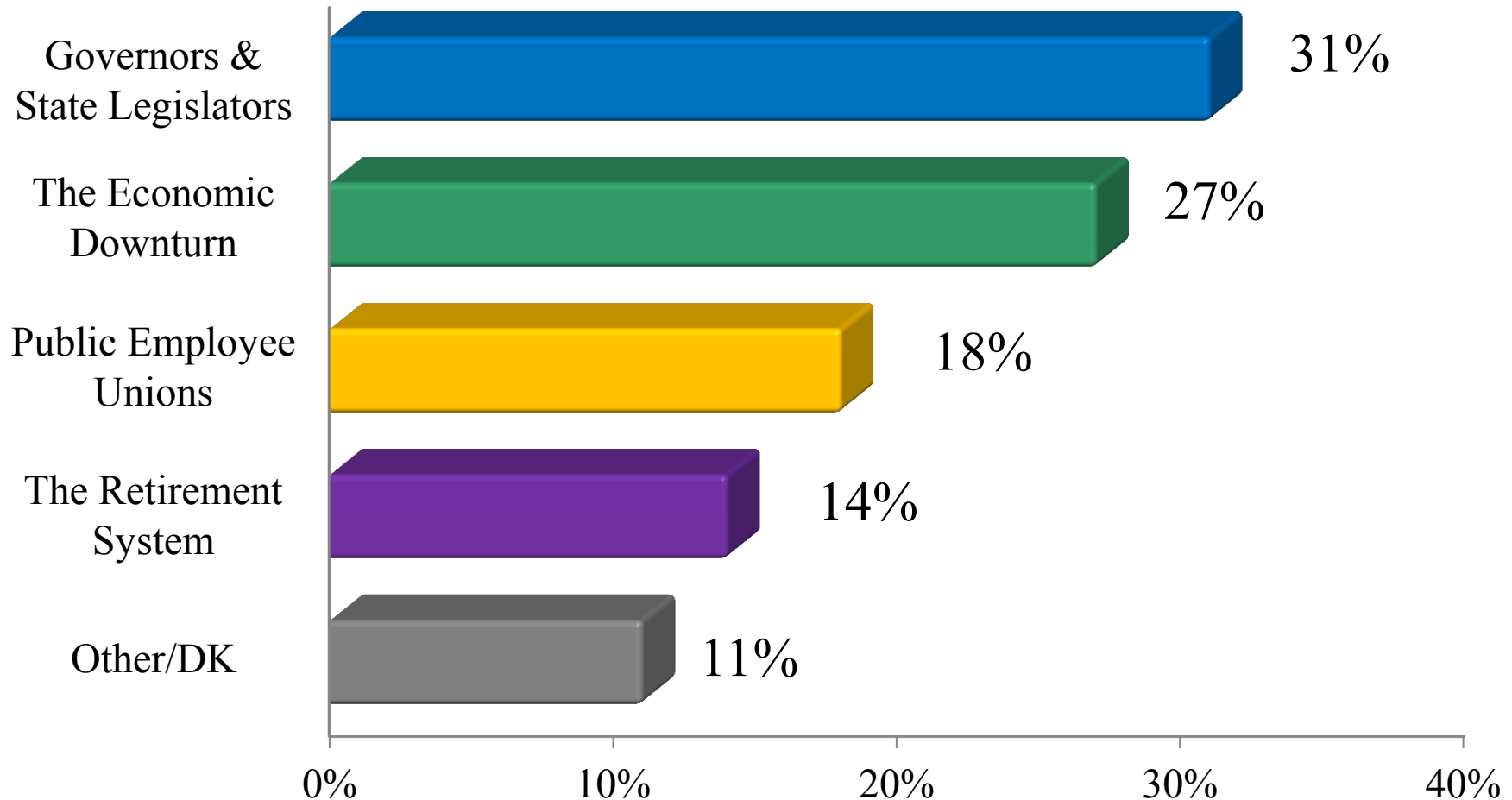


**Financial Problems In The System Are
Blamed On Politicians More Than Unions**



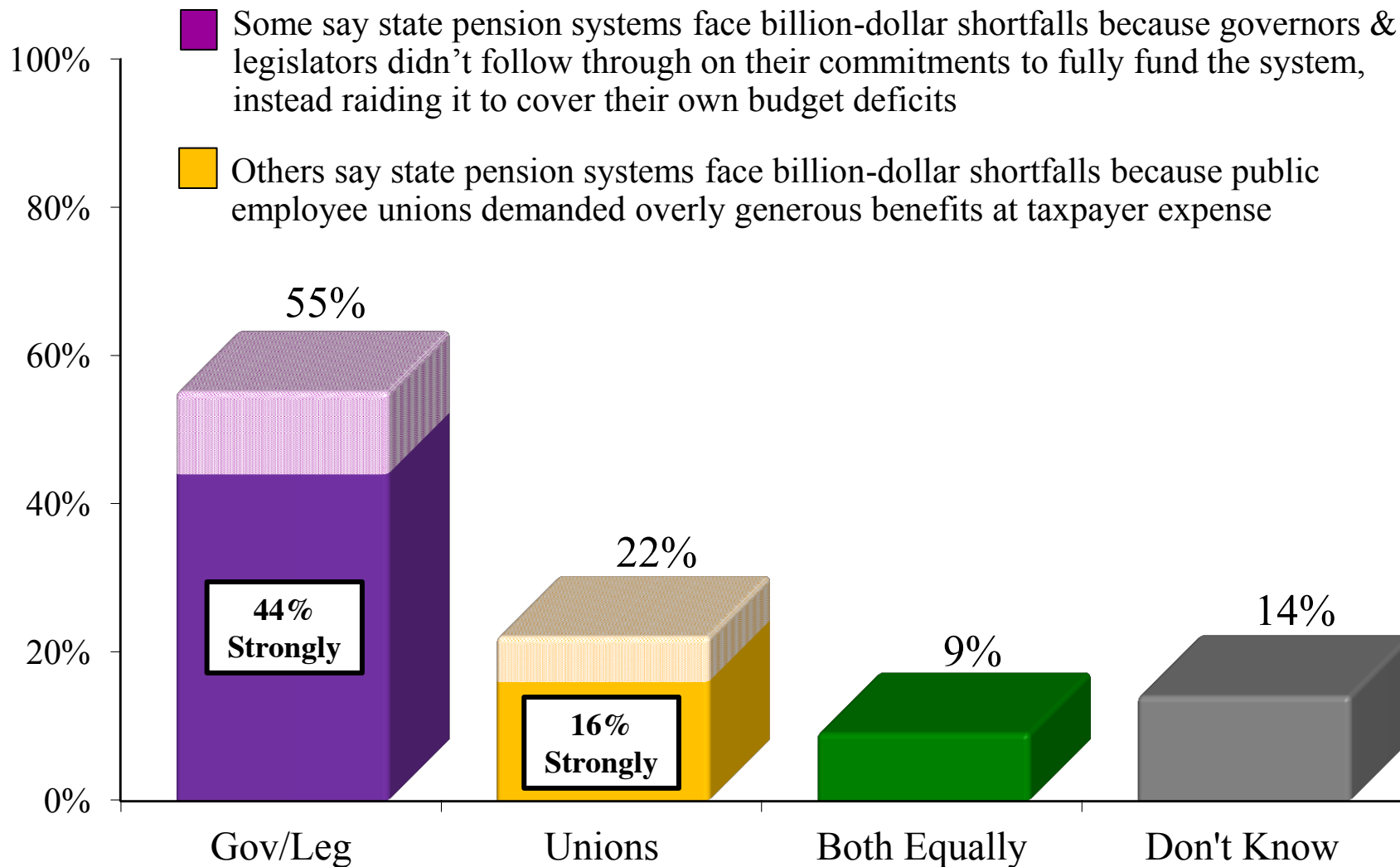
Elected Officials Get The Most Blame For The Problems

As you may know, in many states the retirement systems for public employees are facing significant financial shortfalls. Out of the following options, which one do you think bears the most responsibility for this problem?



After Arguments, Even More Blame Politicians

With whom do you agree more?



Priorities For A New System Center On Sustainability, Loopholes, Retirement Security, And Making Annual Payments

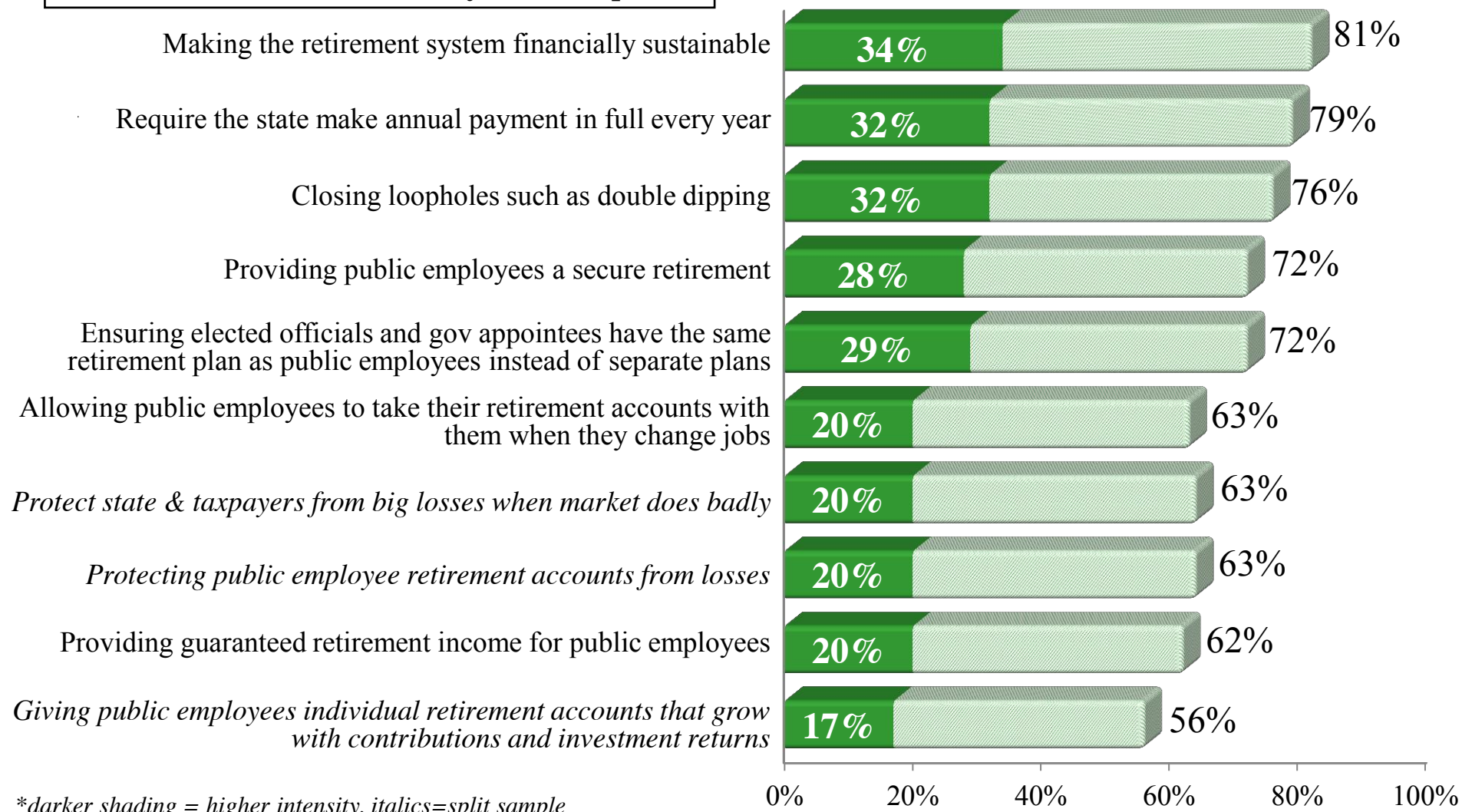


Priorities For A New System Include Sustainability, The State Making Its Payment, Loopholes And A Secure Retirement

A Majority Say Guaranteed Income Is A Very Important Goal

Goals For New Retirement System – *Top Tier*

Ranked By One Of The Most + Very Important



*darker shading = higher intensity, italics=split sample



Financial Sustainability Is The Top-Ranked Priority Among Both Democrats And Republicans

Top Goals For A New Retirement System <i>(Ranked by % One of the most + Very important)</i>	Total	Dem	Ind	GOP
Making the retirement system financially sustainable	81%	84%	76%	84%
Requiring the state to make its annual payment in full every year when its due	79%	82%	79%	76%
Closing loopholes such as double dipping	76%	75%	72%	82%
Providing public employees a secure retirement	72%	82%	69%	64%
Ensuring elected officials/appointees have same plan as public employees	72%	74%	66%	75%

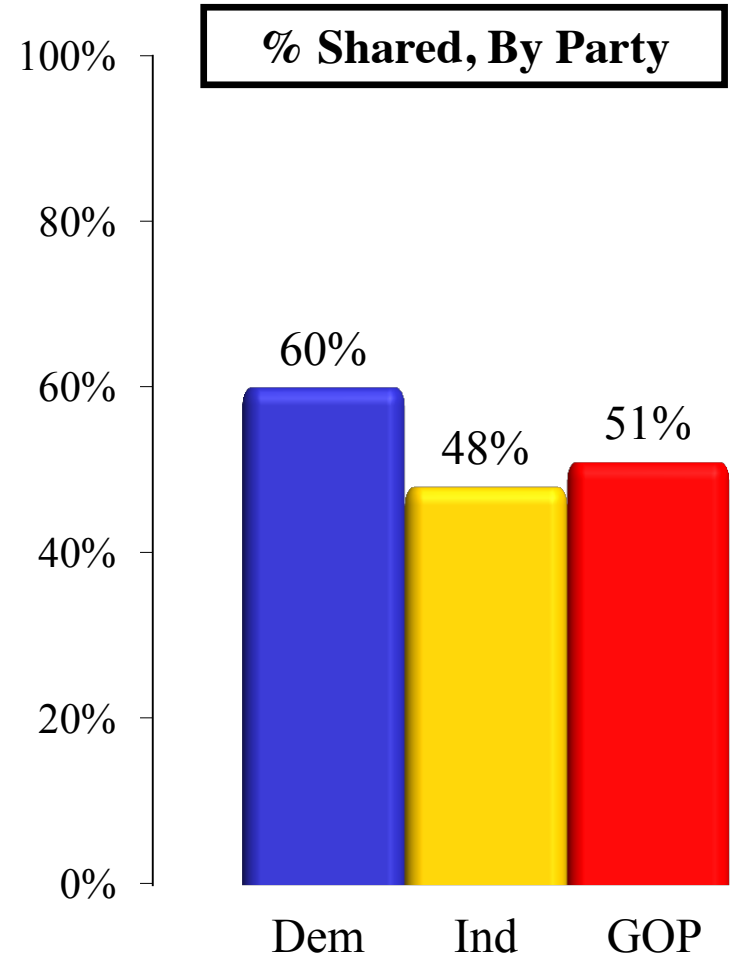
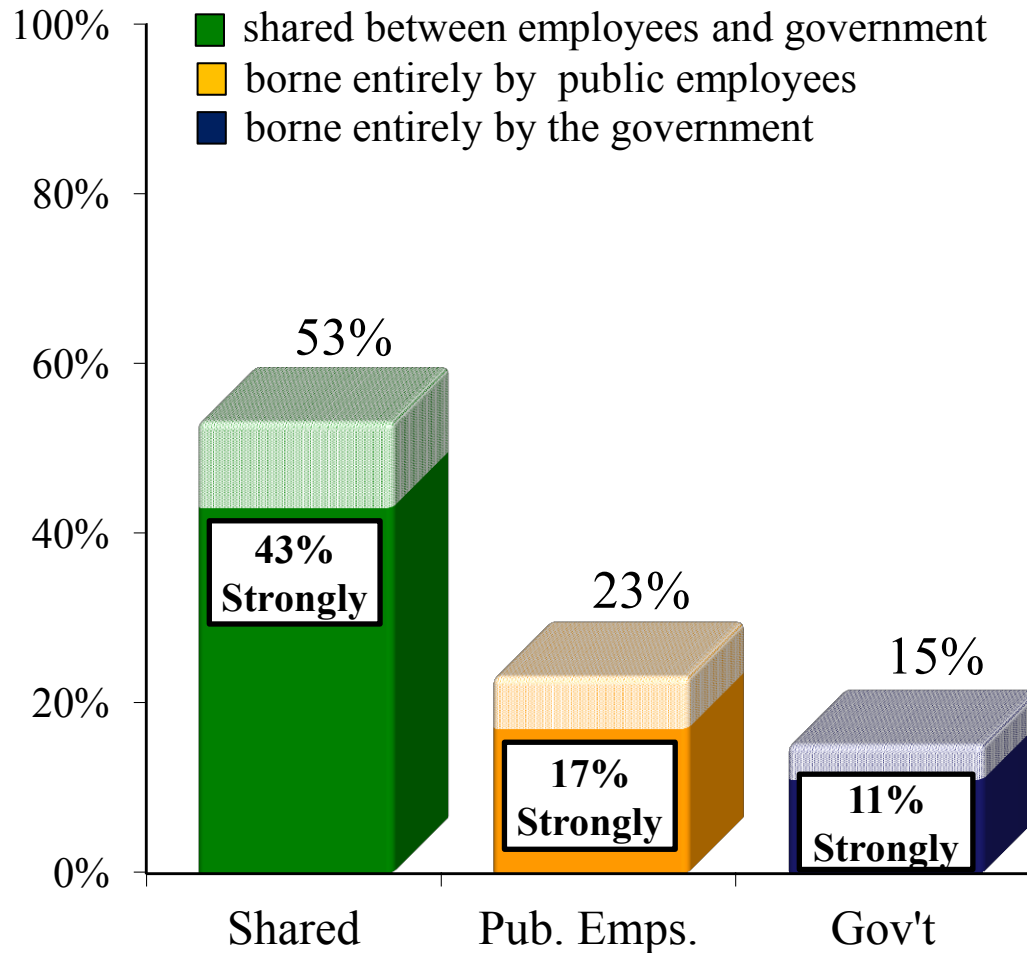


Majorities From Both Parties Feel Risk Should Be Shared Between Employees And Government

Which comes closer to your point of view on public employee retirement plans?

Investment risk should be:

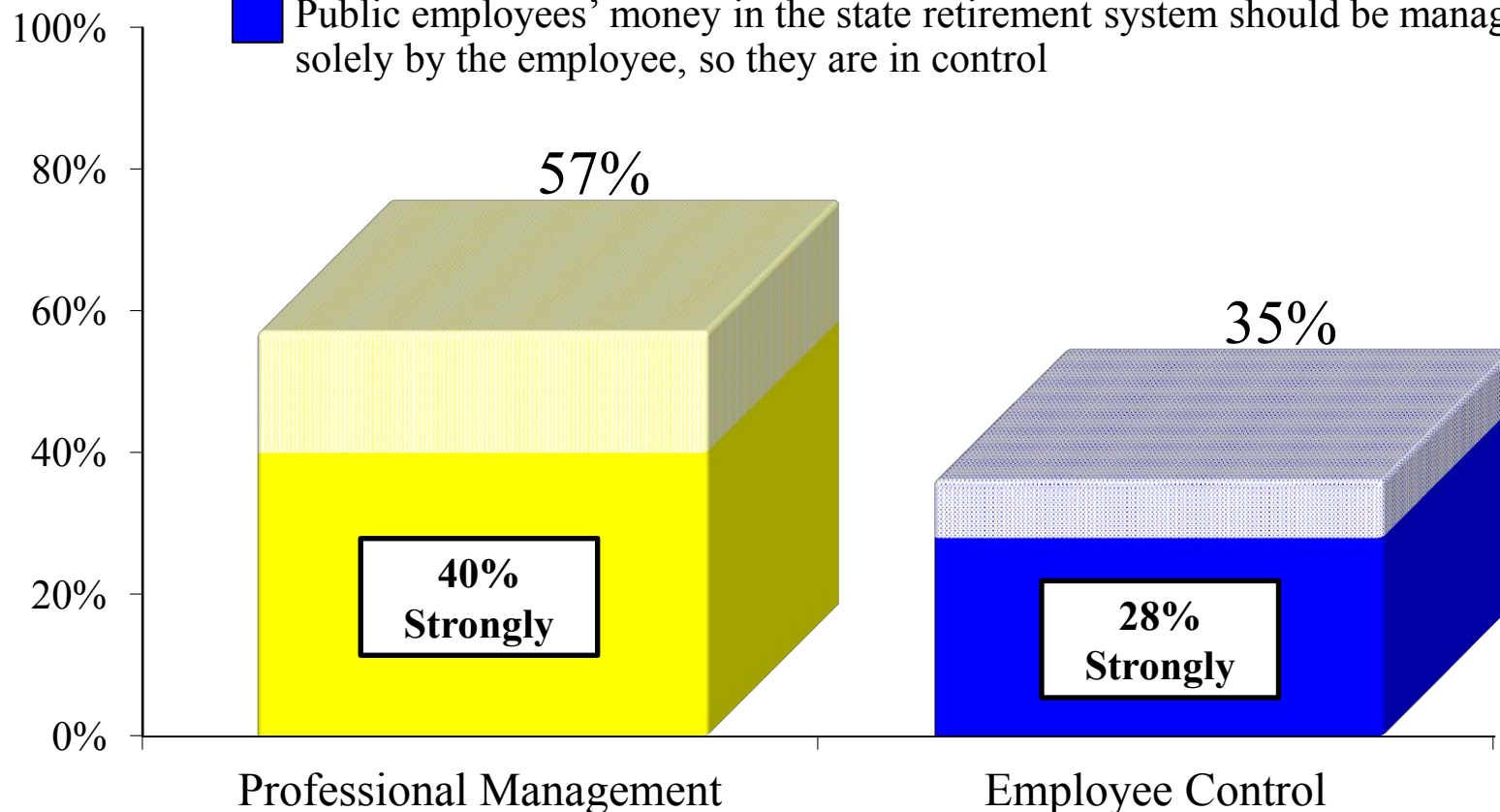
- shared between employees and government
- borne entirely by public employees
- borne entirely by the government



A Majority Believes Plans Should Professionally Managed

Which comes closer to your point of view on public employee retirement plans?

- Public employees' money in the state retirement system should be professionally managed so they get professional investment advice and options
- Public employees' money in the state retirement system should be managed solely by the employee, so they are in control



**There Is Majority Support For
All Four Plans Tested**



We Asked Favor/Oppose For Each Of These Plans

[Note: Shorthand Titles In Brackets For Internal Use Only]

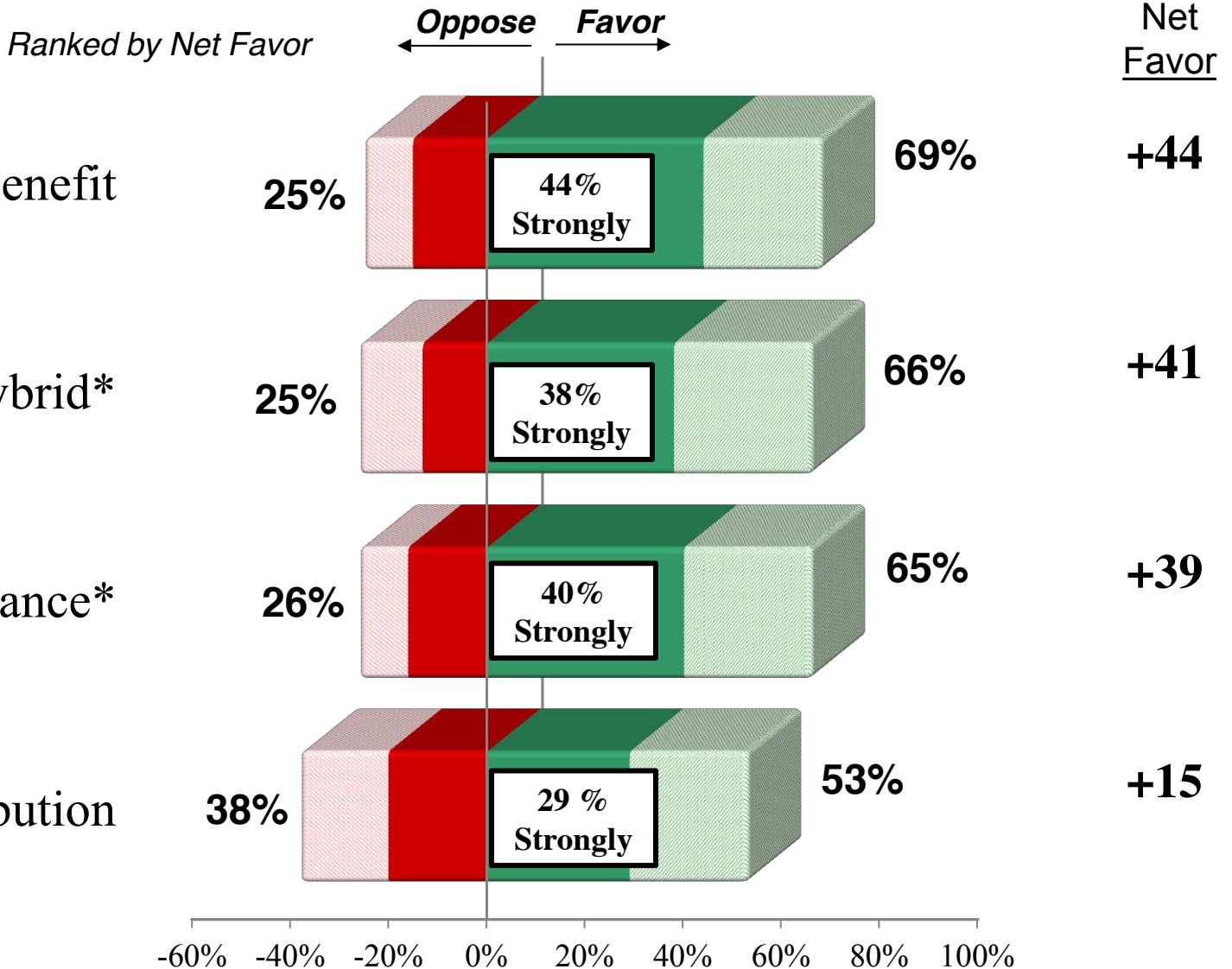
- **[Defined Benefit:]** A retirement plan where an individual's retirement benefits are determined solely by a formula based on the number of years worked and that employee's salary, and the state guarantees those benefits regardless of the financial status of the retirement system.
- **[Defined Contribution:]** A retirement plan where an individual's retirement benefits are based solely on an individual's account and the gains and losses from that account's investments.
- **[Cash Balance*:]** A retirement plan where an individual's retirement benefits are based solely on an individual account, where the state guarantees a minimum annual investment return, even in bad years. In good years, some of the extra returns go to the employee and the rest of the extra returns go into a rainy day fund to help cover any losses in the future.*
- **[Hybrid*:]** A retirement plan where an individual's retirement benefits would come from two sources. One part ...determined by a formula based on the employee's salary and years worked, and the state would guarantee that part regardless of the financial status of the retirement system. The other part ...from an individual's account and the gains and losses from that account's investments.*

**Split Sampled*



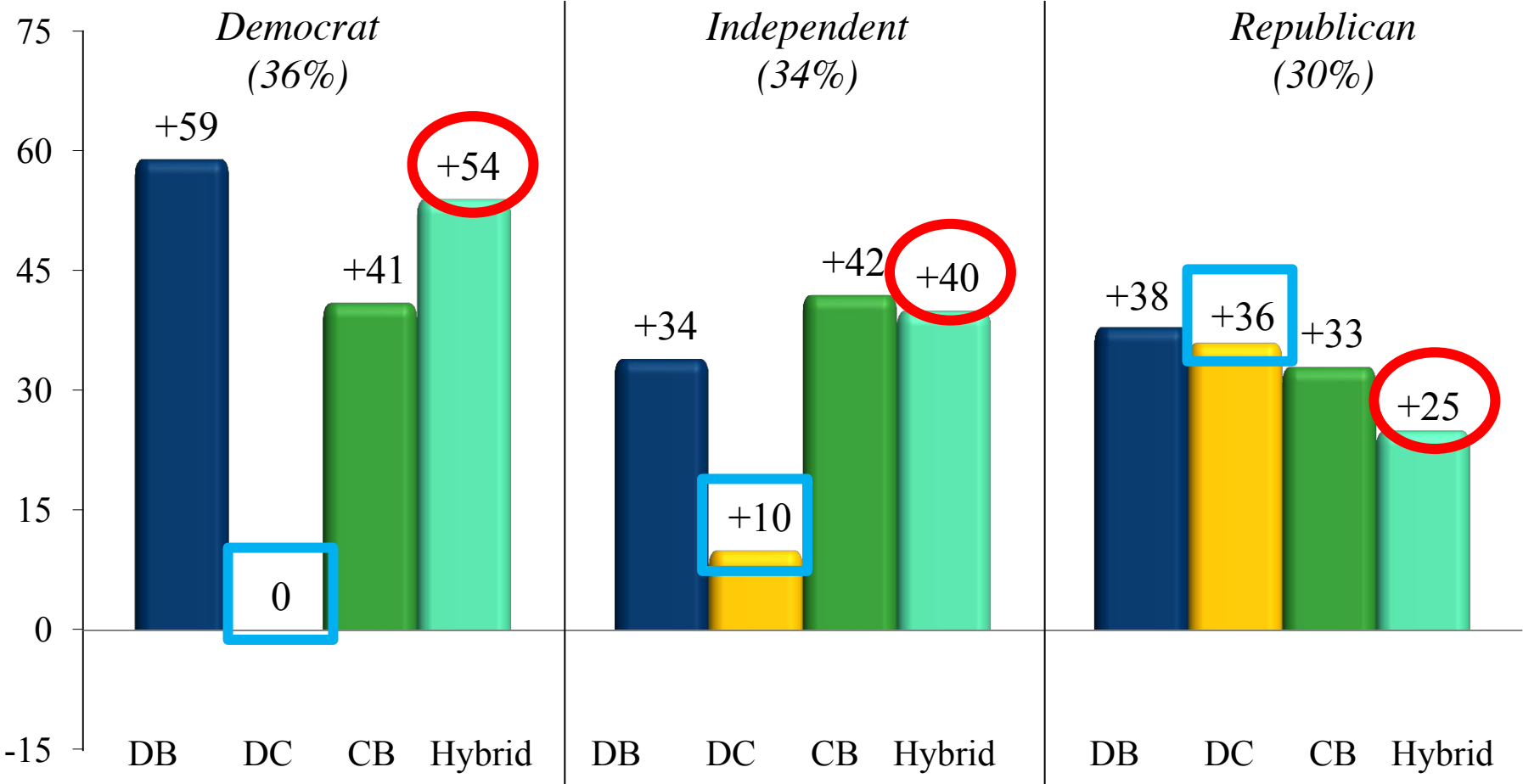
All Plans Received Majority Support; With Defined Benefit Getting The Most, And Defined Contribution The Least

Hybrid And Cash Balance Received Two-Thirds Majorities



Support For Defined Contribution And Hybrid Differ By Party

Net Support By Party ID

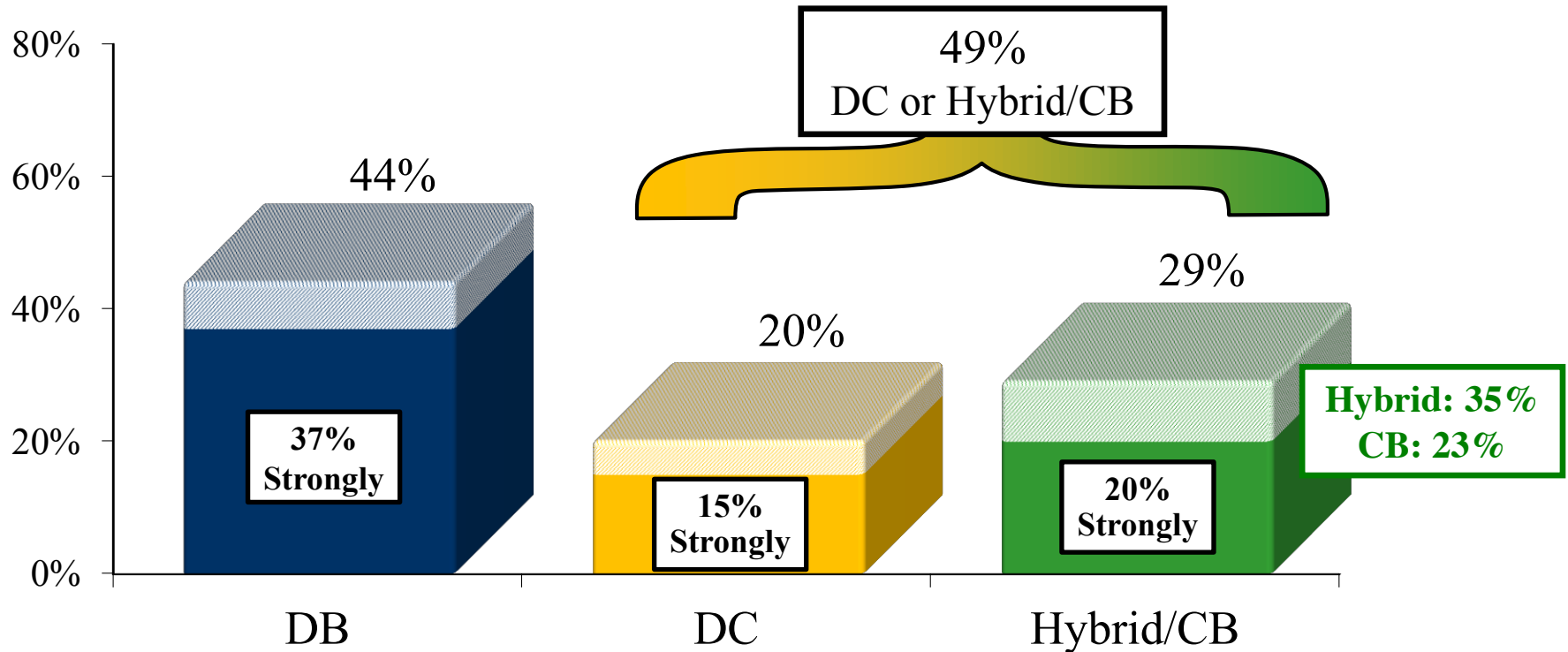


Asked To Choose, A Plurality Preferred Defined Benefit, But A Near-Majority Opted For The Alternatives

The Hybrid Approach Was More Popular Than Cash Balance

Which of these plans would you prefer for public employees in your state?

- Defined Benefit
- Defined Contribution
- Hybrid/Cash Balance

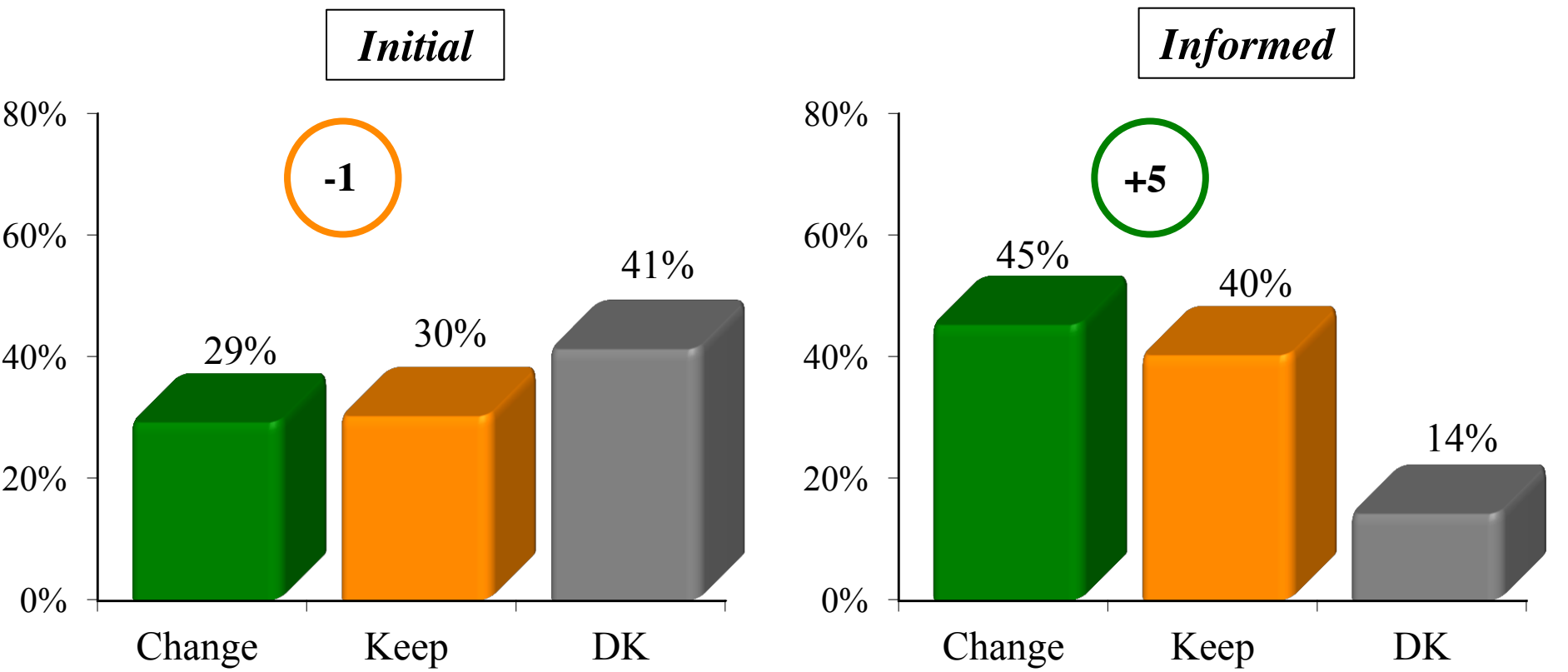


**When They Hear More,
Voters Start To Lean Toward Change**



After Hearing More And Learning Most States Have DBs The Desire For Change Grows, Though The Public Remains Divided

As you may know, the retirement system for public employees in most states is a pension, where employers and employees make contributions and retirement benefits are determined solely by a formula based on the number of years worked and that employee's salary, and the state guarantees those benefits. With that in mind, when it comes to your state's retirement system for public employees, do you think your state should change to a new retirement system for public employees, or keep the current retirement system for public employees?



Everybody Heard Arguments For And Against Change

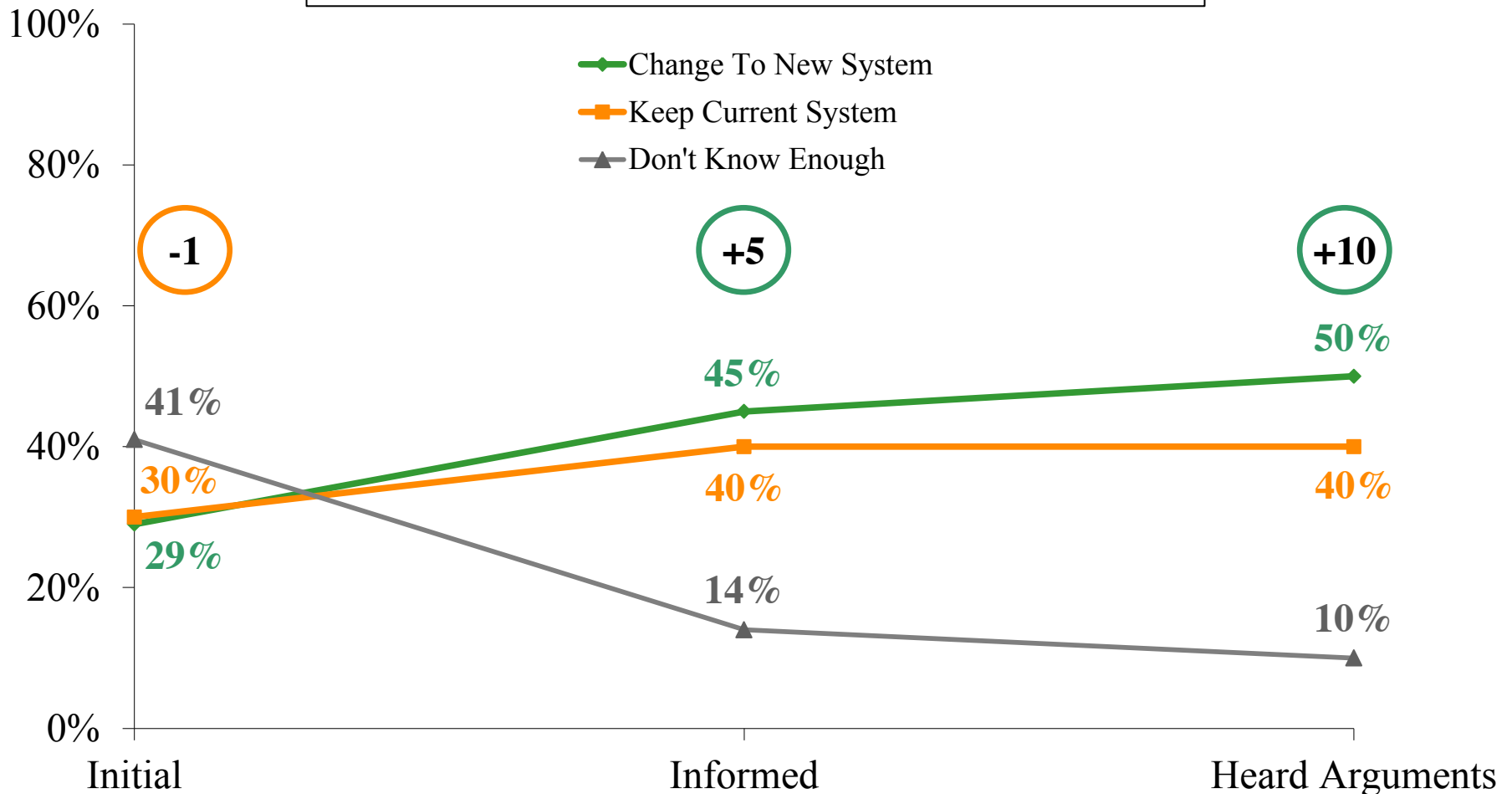
Those who oppose a new retirement system for public employees say we should not be changing to a new system that would put the retirement security of public employees at risk, when what is truly required is a commitment to funding benefits. The pension situation was not created by teachers, police or firefighters – they made all of their contributions, every year. The politicians are the ones who failed to make their contributions and raided pension funds to fill their own budget deficits. Their effort to slash pensions is just another attempt to cut benefits for working people in order to fund more giveaways to business and Wall Street. Moving to a new retirement system that guts benefits will place workers savings at risk, and ultimately put taxpayers on the hook for what could be real shortfalls in the future.

Those who support a new retirement system for future public employees say changes are needed because the current system is unsustainable. The average state pension plan is underfunded by over \$27 billion dollars, with some states short by as much as \$113 billion dollars. If something isn't done, there will not be enough money to pay public employees their retirement and taxpayers will be on the hook for billions of dollars. We should make changes that combine the best ideas from both sides to create a new, fair retirement system that strikes the right balance between guarantees to workers and cost to taxpayers, so that the promises we make to public employees are sustainable. By working with everyone, we'll put the state on firmer financial ground and ensure that taxpayers and public employees won't be facing one pension funding crisis after another.



After Hearing From Both Sides, Half Support Change

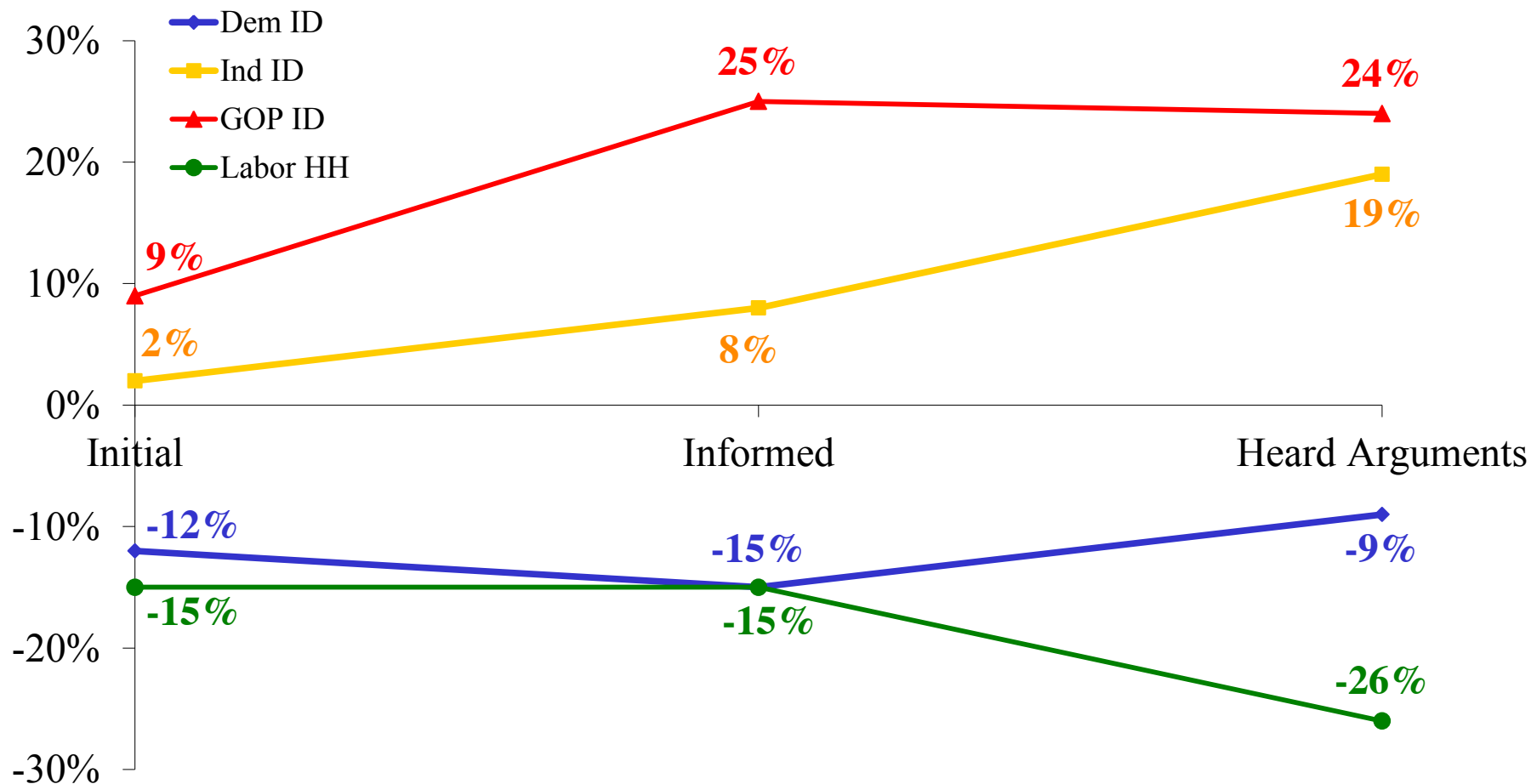
*Support For Changing To A New Retirement System
Over Course Of Poll*



Information Reinforced Attitudes As Much As Moving Them

Republicans and Independents Became More Supportive Of Change, While Opposition Continued Among Democrats And Increased Among Labor

Net Support For Changing To A New System Over Course Of Poll



Conclusions

- Any Discussion Of Public Pensions Begins In A Challenging Environment
 - Awareness Is Low
 - Uncertainty About The Issue And Consequences Is High....
 - ...Except Among Those Most Motivated From Either Side

- Voters Are Receptive To Different Approaches
 - Many Like A Defined Benefit Approach But
 - Majorities Support All Of The Plans, Including A Hybrid Approach
 - Support For Change Grows As They Hear Information And Arguments

- Voters' Priorities Moving Forward Are Clear
 - Closing Loopholes
 - Financial Sustainability
 - Requiring The State To Make Its Annual Payment In Full When Due
 - Secure Retirement For Public Employees



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