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Double-Dippers Earning Pensions Plus Paychecks Are Targeted by U.S. States

By David Mildenberg - Mar 28, 2011 11:01 PM CT

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In Texas, about 1,500 employees of the Criminal Justice Department received both a pension payment and a salary from the government in fiscal 2010. Richards/AFP /Getty Images

Bill Treacy retired as executive director of the [Texas Public Accountancy Board](#) in 2003. Rehired to the same job a month later, he's been pulling down both a government paycheck and a pension ever since.

"The job has to go to somebody and if you get someone with experience, you don't have to train a newcomer," Treacy, 68, a 40-year state employee who makes an annual salary of \$120,000, said in a telephone interview. "It's an injustice to say that this is taking advantage of the system."

With U.S. unemployment averaging 8.9 percent, so-called double-dipping by tens of thousands of government workers nationwide is drawing increasing scrutiny. Lawmakers from coast to coast are taking steps to curb the practice as states face combined deficits projected at \$112 billion and unfunded pension liabilities of as much as \$3 trillion.

Arkansas banned double-dipping by state workers last month, while bills to curb it are pending before lawmakers in Olympia, Washington, and Trenton, [New Jersey](#).

"It just drives people absolutely crazy that some public employees can draw a six-figure salary and still collect a very generous pension," said Adam Braun, a spokesman for New Jersey Senator Jennifer Beck, a Red Bank Republican. Beck has backed a bill to limit double dipping in the state, which has almost \$54 billion in projected unfunded pension liabilities.

'Sensible Rules'

"If we had sensible rules that government employees couldn't collect a pension until age 65 or receive pension payments of more than \$100,000 per year, we'd go a long way toward solving our state fiscal crises," said economist [Dianna Furchtgott-Roth](#), a [Hudson Institute](#) senior fellow in Washington. The nonprofit research group focuses on promoting "global security, prosperity and freedom," according to its website.

In Olympia, where lawmakers face a \$5.1 billion budget gap for the fiscal biennium that begins in July, the Senate passed a measure to restrict double-dipping this month. The state's unfunded pension liability is about \$7 billion, Governor Christine Gregoire said in a statement Dec. 13.

"We simply cannot afford to be paying employees twice while we're struggling to fund our schools and critical services for our most vulnerable citizens," Senator Mike Hewitt, a Walla Walla Republican who leads his party in the chamber, said March 7. The bill is pending in the state House of Representatives.

More than 5,600 California state retirees were double-dipping in 2009, up 57 percent from a decade earlier, according to the Los Angeles Times. The Golden State's rules permit the

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practice as long as the retiree works 960 hours or less a year, said Adam Summers of the Los Angeles-based [Reason Foundation](#).

Buckeye Cost Shift

About 32,000 state- and local-government employees in [Ohio](#) received more than \$1 billion in pension payments in 2009 on top of their paychecks, according to an [analysis](#) of public records by eight of the state's largest newspapers, published in June.

About a quarter of Ohio's 613 school superintendents were double-dipping in 2009, the newspapers said. Districts can save money through the practice, as some benefits they normally pay would be covered by the State Teachers Retirement System.

Treacy is far from alone in Texas, where about 6,100 state employees got a combined total of about \$400 million in pay and pensions in the past fiscal year, Comptroller Susan Combs has said. Another 22,000 public school and university workers also received payment from public pension and government funds, according to the Texas Association of School Boards.

Experience Pays

The experience Treacy brings to the job pays off for the state, Gregory Bailes, an Austin accountant who heads the governing board that rehired Treacy, said by telephone. Bailes joined the license-granting authority in 2005.

"His agency is one of the best-run organizations I've seen in my 31 years in the industry," Bailes said of Treacy. The board licenses and oversees certified public accountants.

"Most of the impetus behind the issue of return to covered service by state employees is due to the unfavorable publicity," said Ronald Snell, the Washington-based director of state services at the National Conference of State Legislatures. "The impression in the public's mind is that this is the way public employees cheat the system."

Public anger about double-dipping should be directed at boards and lawmakers who approved contract terms or wrote the laws rather than individuals who get the benefits, according to Bill Raabe, the [National Education Association's](#) director of collective bargaining and member advocacy in [Washington](#).

10 States Act

At least 10 states changed laws in 2010 dealing with government retirees who go back to work on public payrolls while still collecting pension checks, up from six in 2009, according to Snell's reports. Most, such as [Utah](#), enacted or extended waiting periods before re-employment can occur without penalties, Snell said in a telephone interview.

Double-dipping workers mushroomed in Utah from 125 in 1995 to 2,166 in 2008, the Pew Center on the States said in February 2010, citing a legislative report. Last year, lawmakers in [Salt Lake City](#) limited the practice, the state legislatures group said. The changes included requiring a one-year waiting period before a covered employee can return to government work and continue to receive public pension payments.

[Arkansas](#) lawmakers banned double-dipping following news reports in 2009 on eight elected local officials who were getting both sorts of payments, said Jay Wills, general counsel of the Arkansas Public Employees Retirement System. Each of the eight either resigned or was later voted out of office, he said.

"The public has really been outraged about this," Wills said, citing "the duplicity in not revealing that they were doing this." Since 2009, Arkansas officials have identified fewer than a dozen state employees who also engaged in the practice, he said.

Working the System

"It's the culture of the public-employment sector to work the system in your favor," said Arkansas Representative Allen Kerr, a Little Rock Republican who sponsored a bill to end double dipping.

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“I can’t think of a reason why anyone would think they should have this kind of benefit,” Kerr said.

In Texas, about 1,500 employees of the Criminal Justice Department received both a pension payment and a salary from the government in fiscal 2010, Combs, the comptroller, said in a report. The Health and Human Services Commission had 704 double dippers, while the Aging and Disability Services Department had 620. In Combs’s office there were 240, according to the report.

The Lone Star state’s criminal justice agency has about 38,000 employees and runs 112 prisons and other correctional facilities, according to Michelle Lyons, a spokeswoman.

Hard to Find

About 60 percent of those returning to jobs at the Aging and Disability Department are in “difficult-to-fill professional positions or in laundry and food service positions,” said Allison Lowery, an agency spokeswoman.

Lawmakers in Austin passed a bill to permit double dipping in 2003, expecting to save money by rehiring retired employees at a lower salary, said Talmadge Heflin, a Republican who served as a state representative for 22 years.

“We did it to be employee-friendly and save money at the time, but it appears that some of the rehires weren’t at as much of a reduced rate as we thought,” Heflin said in a telephone interview. He is an adviser to the Texas Public Policy Foundation in Austin, a research group that advocates for limited government.

Texas pension benefits are set when an employee retires. If a retiree returns to government work, the agency employer must contribute to its pension fund at the same rate as for other employees, said Mary Jane Wardlow, a spokeswoman for the Employee Retirement System of Texas. The re-employed worker doesn’t earn greater benefits, she said.

At least one Texas lawmaker, Representative Kenneth Sheets, a Dallas Republican, wants to prohibit double dipping to preserve jobs for younger workers.

“When people retire, they should retire,” Sheets said. His bill in the [House of Representatives](#) would ban the practice.

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