They use stealth and subterfuge to attack our pensions.
How do we counteract Laura & John Arnold?

John Jensen
Vice President NEA-Retired
The competency this session addresses: **Advocacy**

- **Competency progression levels 1, 2 and 3.**
- **Themes**
  - Become more knowledgeable about John Arnold’s tactics and strategies to undermine our public pension plans
  - Become aware of where to go to obtain help
  - Advocate by becoming an expert and a go-to person in protecting your pension
  - Advocate by educating leaders in your state affiliate
  - Advocate by staying vigilant
• May 2012, just 3 ½ years ago a 38 year old hedge fund CEO from Houston, Texas retired.
• He was the third richest person in Houston and the second youngest billionaire in the United States.
• He and his wife made a handsome couple.
• He is a Democrat who gave money to the Obama campaign.
• He gave lots of money to Wendy Davis when she ran for Governor of Texas.
• What’s not to like?

Quiz time!
We should have urged him **not to retire**
• He was raised in an upper middle-class family in Dallas, Texas. In 1995 he went to work at **Enron** as a natural gas analyst. In 1996, he was an executive trading natural gas for Enron and in 2001 he received an **$8 million dollar bonus.**
Two weeks later Enron collapsed and while thousands of Enron retirees and workers lost 100% of their pensions, he took his $8 million and started a hedge fund that traded natural gas. In just 10 years, he was worth over $3.5 billion dollars and he retired!

Quiz time!
He is John Arnold.
Don’t worry if he is new to you.
He has not gone into all states.

Not yet anyway.
Here is John Arnold and his wife Laura when he retired at 38.
So we have a good looking couple who signed the pledge to give away at least half their assets.

Sounds good, huh? After all he is a **Democrat** who gave toward the **Obama** campaign in 2008.

Never mind that John and Laura are HUGE supporters of **Charter Schools** --- that is a very different topic.
I will concentrate what he has done and is doing to our public employee defined benefit pension plans in the United States.

It’s not good.

He spends millions to kill-off our DB plans.

Question time!
I will also attempt to give you some tools to use to counter and defeat John Arnold should he head your way.
I will also attempt to give you some tools to use to counter and defeat John Arnold when he heads your way.
Arnold, portrays himself as a seeker of the **truth** who believes that the “**broken pension systems**” threaten the very future of the nation. So not only is he spending **serious money** going after our Defined Benefit pensions, he **seriously on a mission**, 
And that makes him dangerous. 

Seriously dangerous.
Meredith Williams, National Council on Teacher Retirement Executive Director wrote that John Arnold “has a clear agenda to replace the current DB model with a DC approach or a cash balance plan.”

Quiz time!
Arnold doles out millions in one of three ways:

1. Grants from the Laura and John Arnold Foundation – a 501 c3 for “research” and “education”.

2. Grants from Laura and John Arnold PAC – a 501 c4 for backing political issues and candidates

3. Personal gifts from Laura and John Arnold.
Let’s take a look at some of his efforts.

Virtually none of his efforts are direct.

Rather he usually chooses indirect, under the radar methods.
Arnold partnered with the PEW Charitable Trusts early on and met with some success. Arnold and PEW are apparently now permanently joined at the hip. Since the PEW Charitable Trusts has for years, carried with it an aura or trust, the Laura and John Arnold Foundation has piggybacked off that trust.

It was trust bought and paid for – NOT earned.
PEW has received over $4.5 million from Arnold’s Foundation. In the world of Billionaires, that is pocket change that bought the good name of PEW.

Quiz time.
It does not end with PEW. $3.5 million bought PBS when it’s New York affiliate produced several episodes of an anti-public pension series – until David Sirota exposed the Arnold Foundation as the funding source. The $3.5 million was returned.
PBS!!

Big bird, how could you???

Quiz time.
Same thing with the **Brookings Institute**. Only the Brookings Institute kept the money and works closely with Arnold today.

And I always looked up to the Brookings Institute as a think tank I could trust.

**No more!**
Same thing with the **Urban Institute**. It still receives Arnold’s **Payola**.

**Question.**

John Arnold has discovered that one multi-billionaire can with just $50 million doled out over 3 years radically change the safety and security of public pensions in America.

I am sure he sees it as a **bargain**.
For many states, Arnold’s *modus operandi* is simple:

Send PEW into a state that is talking about pension “reform” and offer the state legislature (often through a separate state based group) a FREE study on how best to reform the DB plan. Of course, Arnold’s Foundation provided the money for this “free” study.

The outcome is almost always, put all new hires into a cash balance plan.
This is exactly what happened in Kentucky. The Pew Charitable Trusts came to the Kentucky legislature in 2013 and offered to fund a study to make recommendations to “modernize” the state pension plan for public workers.

Result: a cash balance plan for new hires and no more automatic COLAs.

John Arnold’s Foundation provided the funding!
• Here is part of an amazing June 2013 letter from ten Kentucky state legislators to their colleagues in other states warning how Pew and Arnold had duped Kentucky legislators.

• “Pew has a reputation as a non-partisan organization, but that standing is tarnished by Pew’s pension scheme and its unholy alliance with the Arnold Foundation – a group committed to eliminating public pensions.”

• “What their PowerPoints and ‘experts’ don’t tell you is that their cash balance plan does nothing to reduce any unfunded liability... In fact, for many states, the cash balance plan will incur additional costs.”
Those legislators wrote: “their cash balance plan does nothing to reduce any unfunded liability... In fact, for many states, the cash balance plan will incur additional costs.”

Why?

Question: Can anyone say why the unfunded liability does not go away?

Question: Can anyone say why there will be additional costs?
Recently, the Alabama Policy Institute released a report that recommended that Alabama switch from its DB model to a cash balance plan.

The Arnold Foundation had given the Alabama Policy Institute $78,000 to “support educational efforts related to public employee benefits reform in Alabama.”

Only $78,000! What a bargain for John Arnold!
In Rhode Island, Arnold used his 501 c3 to fund a state study, his 501 c4 to fund a lobbying campaign to pass a very bad pension bill and he gave funds to the state treasurer who then ran for Governor.

She is Gina Raimondo and she won the election with 41% of the vote, in a three-way race in 2014.

BTW, she is a Democrat.
One more example:
In Illinois, governor Bruce Rauner, a former private equity executive from the Chicago suburbs, worth at least $500 million, wants to overhaul the state’s pension system and weaken public employee unions.

Mr. Rauner’s closest supporters hope to elect more Republicans. But some wealthy families, know that Democrats are likely to control the, have financed a bigger goal: to establish a **new faction of Democrats more willing to reach a compromise with the governor**.
The largest disclosed contribution came from hundreds of miles beyond Illinois: John Arnold and his wife, Laura, gave $5 million.

“One might ask why Laura and I should be able to influence policy decisions just because we have money,” Mr. Arnold wrote. “Were government immune from lobbyists and money, I would agree on the premise of the question. However, government is deeply influenced by special interests.”
Arnold funds numerous “studies”. Here is just one example – an Urban Institute “study”:

Negative Returns: How State Pensions Shortchange Teachers
An Urban Institute “Study”

Author Richard W. Johnson

Author Chad Aldeman

Funded by Bellwether Education Partners

Funded by the Arnold Foundation

Funded by the Arnold Foundation

Funded by the Arnold Foundation
I could go on for a long time on what Arnold has done with not a whole lot of $. To speed things up, following are headlines of posts by Leigh Snell on his blog for the National Council on Teacher Retirement’s (NCTR).

His posts are a wonderful resource: http://www.nctr.org/federal-government-relations/blog-login/

You will have to request a password from Leigh. Tell him your leadership position in the NEA and that I said you were OK.
• Sept. 10, 2013
Arnold Foundation, Other Anti-DB Groups, Target California

• Oct. 15, 2013
TIAA-CREF/Arnold Foundation Study Claims DB Plans Do Not Provide Lower Cost to Public Employers than DC Plans

• Oct. 29, 2013
Pew/Arnold/Urban Institute Conference Surprises Many
• Feb. 12, 2014
Arnold Foundation Funding PBS Series on “Pension Peril”

• Feb. 14, 2014
WNET to Return $3.5 Million Arnold Foundation Grant
WNET, the New York City public television broadcaster, and the Public Broadcasting Service (PBS)
• Mar. 4, 2014
Arnold Foundation Pays for New “Deceptive” Brookings Report on Public Pensions

• Mar. 25, 2014
New Brookings Institution Study Funded by Arnold Foundation Claims Teacher Pensions Fail “Equal Pay for Equal Work” Test

• April 15, 2014
Arnold Foundation’s New Mobile App to “Redesign” Public Pensions Appears Close to Completion
• April 22, 2014
How the Arnolds Orchestrate “Parallel Donations” to Build Public Campaigns, Provide “Political Cover” to Politicians Willing to Support Their View of Pension Reform

• April 29, 2014
Arnold Foundation, Koch Brothers Fund Judicial Symposium on Public Pension Reform: Lobbying the Judges Who Will Decide Pension Reform Cases?
• May 20, 2014
Arnold-Funded Group Spreads Earlier Claim that Most Teachers Will Leave Public Service with Little Retirement Savings

• June 10, 2014
New Pew, Arnold Foundation Report on Public Pension Investments
The Laura and John Arnold Foundation has given $2.88 million to the Center for Public Integrity (CPI), the well-respected, Pulitzer Prize–winning non-profit investigative journalism organization headed by Bill Buzenberg, the former vice president for news at National Public Radio. The grant... is one of the largest single grants in CPI’s 25-year history.

Arnold Foundation to Launch Major National Communications Campaign Targeting Public Pensions
• Oct. 7, 2014
Arnold Foundation to Launch Major National Communications Campaign Targeting Public Pensions The Laura and John Arnold Foundation has issued a “Request for Proposal”

• Nov 4, 2014
Arnolds’ Political Strategy on Display in Phoenix Pension Reform Push

• Nov. 25, 2014
New Arnold Foundation Grants Look to Higher Ed for Potential Support of Public Pension Agenda
• Jan. 27, 2015
Another Arnold-Funded Group Slams Public Pensions, Claiming Federal “Reform” Is Necessary

• March 31, 2015
Arnold Foundation Wants to “Dominate” Pension Reform Debate

• April 7, 2015
Arnold Piece Bashes Teacher Pensions... Urban Institute Echoes Arnold Foundation Criticism of Public Pensions
• May 26, 2015
New Workshop for Law Professors on Public Pension Reform Announced by Arnold-Funded Center at George Mason University

• June 23, 2015
Arnold Foundation Slams Condition of Colorado Public Pensions

• June 30, 2015
New Arnold Foundation Pension Propaganda Efforts Target State Attorneys General
• July 7, 2015
New Arnold-Funded Report Blasts Teacher Pension Reforms

• July 21, 2015
“Symposium on the Economics and Law of Public Pension Reform” hosted by the Mason Attorneys General Education Program, which is affiliated with the Law and Economics Center of Virginia’s George Mason University School of Law – all paid for by the Arnold’s Foundation.

• July 22, 2015
Arnold-Funded Professor Claims Teacher Pension Costs Now Exceed $1,000 per Pupil
• August 18, 2015
New Arnold-Funded Paper Claims Mandatory Social Security for all Newly-Hired State and Local Employees Would Improve Retirement Security

• Dec. 1, 2015
Arnold Foundation’s Josh McGee Named to Texas State Pension Review Board
National Groups Receiving Arnold $ Since 2014

American Institutes for Research in the Behavioral Sciences
• Up to $542,193

Bellwether Education Partners, Inc.
• Up to $748,000

Brookings Institution
• $501,003
• $1,145,551

Center for State and Local Government Excellence
• $997,979

Citizens in Charge Foundation
• $91,000
National Groups Receiving Arnold $ Since 2014 (continued)

Coalition for School Reform
• Up to $99,999

Federalist Society for Law and Public Policy Studies
• $102,464

George Mason University Foundation, Inc.
• $693,600
• $1,851,300

Liberty Initiative Fund
• Up to $4,999,999

Lucy Burns Institute, Inc.
• $282,500
National Groups Receiving Arnold $ Since 2014 (continued)

National Council on Teacher Quality
- $90,000
- $20,000
- $152,520
- $206,000

Pew Charitable Trusts
- $4,850,000
- $4,850,000

President and Fellows of Harvard College
- $96,753

Pro Publica, Inc.
- $2,000,000
National Groups Receiving Arnold $ Since 2014 (continued)

**Reason Foundation**
- $1,013,000

**StudentFirst Institute**
- $7,000,000
- Up to $9,999,999

The Novim Group
- Up to $1,250,000

**Thomas B. Fordham Institute**
- $210,000

**Trustees of Boston College**
- $16,000

**Urban Institute**
- $484,079
Here are the states the NCCP has been involved with recently.
Click on a state to see Arnold’s involvement

ARIZONA

2014
Citizens for Phoenix Pension Reform
$1,040,000
Phoenix ballot initiative.
2016 Battleground States
Is your state next?

Be ready!

Don’t put your head in the sand.
What to do.

Educate yourself.

Make sure your state NEA leaders understand the threats.

This includes becoming VERY familiar with everything available on two websites:
What to do.

Educate yourself.

Go to NIRS (National Institute on Retirement Security)

nirsonline.org

This website has a WEALTH of valuable and legitimate research such as:

Still a Better Bang for the Buck: Update on the Economic Efficiencies of Pensions finds that pension plans are a far more cost-effective means of providing retirement income as compared to individual defined contribution accounts.
What to do.

Educate yourself.

Go to NPPC (National Public Pension Coalition) protectpensions.org

- NPPC is funded by NEA and most other public employee unions.
- NPPC has helped numerous states with both funding and expertise.
- Contact NEA CB & MA to get NCCP involved.
- NCCP is a MUST HAVE.
What to do.

Educate yourself.

_The Truth About John Arnold_ is a project sponsored by the NPPC and Californians for Retirement Security. It is a great resource: [truthaboutjohnarnold.com](http://truthaboutjohnarnold.com)

There is also a Facebook group called: The Truth About John Arnold

Please go there and “LIKE” it.
What to do.

1. Be very vigilant.

2. Be aware of any calls for a study of the pension plans.

3. Be on high alert if any group offers to conduct the study at no cost to the state. Pew/Arnold is probably behind this effort (either directly or more likely indirectly).
What to do.

4. If you find Arnold is involved, call him out and make it personal.

Ask your legislators, the press and the public:

• Why should we listen to an out-of-state billionaire?
• Why should we listen to a former ENRON Exec who got an $8 million “bonus” just weeks before ENRON collapsed?
• Why is he so secretive? Where is the transparency?
• Why does he want to hurt your kindergarten teacher’s pension?
What to do.

5. If any group offers to conduct the study for the state, contact **NEA Collective Bargaining and Member Benefits (CB & MA)** and ask for help.

They can help you and will contact NCCP if necessary.

But your state affiliate must first ask for help.
Thank you for being here!
Thank you for listening!

If there is any time left, I would love to hear more about what is happening in your state.
Session Outcomes

• The content from this session can be used in the following ways in your current position/role:
  – You are more knowledgeable about John Arnold’s tactics and strategies to undermine our public pension plans
  – You are more aware of where to go to obtain help
  – You will advocate by becoming an expert and a go-to person in protecting your pension
  – You will advocate by educating leaders in your state affiliate
  – You will advocate by staying vigilant
GOOD LUCK!

Please complete the evaluation for this breakout session!
I spent half an hour trying to talk with them, wanting to learn about their culture until the bartender cut me off and told me they were patio umbrellas.