

DOGE proposal to gut IPERS threatens retirees, economy

Dust flew this month when a governor-appointed task force targeted Iowa's primary public pension system, IPERS, for fundamental restructuring to cut state and local costs.

Some legislators – including House Speaker Pat Grassley – quickly distanced themselves from the proposal,¹ claiming it was not as extensive as some portrayed and was only a recommendation that they aren't interested in anyway.

But the fact is, the DOGE panel – a partisan task force appointed by the governor whose party already has imposed harsh limits on workplace protections and on bargaining rights of public employees – revives a tired, unpopular idea.

Secure public pensions:

- **Recruit good employees to public service**
- **Set a good example for the private sector**
- **Support retirees after careers of public service**

That makes it important for Iowans to get up to speed fast on why replacing IPERS' defined-benefit pension with a 401k-style defined contribution system would be a bad deal for our state.

The DOGE plan threatens **both current and future** IPERS benefits and carries the **long-held desire of the Far Right to drive down public employment** numbers and job quality, perpetuating a race to the bottom in which neither public nor private employers compensate employees fairly.

Attracting good public workers, treating them right

IPERS, established in 1953, is funded both by taxpayers and its state and local government worker members. It's a longtime shared commitment to responsibly compensating public workers, such as teachers, who often can find better pay in the private sector. When paychecks are higher outside of government, the offer of a stable retirement plan may attract good workers – a goal acknowledged in the IPERS law itself, establishing a retirement system that will "reduce excessive personnel turnover" and "offer suitable attraction" for people to enter public service.²

Fundamental choice: Defined benefit vs. defined contribution

A "defined benefit" retirement plan like IPERS promises a fixed monthly benefit amount to which both employers and employee are committed to assure through careful investments. Funds are pooled across many workers, promoting efficiency and security. A "defined contribution" retirement plan, like a 401k, is individualized both in contributions and risk choices and offers less security and higher per-retiree administrative costs.³ IPERS serves everyone better as a defined-benefit program.

Transitioning to a new system could harm the current one

The sustainability of IPERS for current and future retirees depends on responsible contributions from current and future employees. This is easily seen in a simple formula for a secure retirement system:

Contributions and Investment Income (C+I) ultimately must equal the **Benefits and Expenses** of administering the program (**B+E**). When projected **C+I** equals projected **B+E** over the same period, the system is said to be fully funded. IPERS has steadily moved on a path toward full funding.⁴ A diversion of contributions to a separate system would jeopardize that strong standing of IPERS.

$$C + I = B + E$$

IPERS management has consistently proven its detractors wrong

IPERS is well-funded and gaining strength, despite alarms sounded a decade ago by tax-cut and privatization advocates,⁵ whose arguments were driven by unusual, cherry-picked examples from public pension systems elsewhere. Researchers in 2013 noted conservatives often claimed IPERS was too underfunded and was a potential liability, though it was funded at a responsible 82.4%.⁶ But history backs the decision of lawmakers to resist the scare tactics and put their support behind IPERS management. IPERS now is on its way to full funding: in December 2024, IPERS reported its funding ratio had reached 90.75%, its highest level since FY 2002.⁷ Ironically, in states where underfunding has been a problem, it is because a state fails on its responsibility to make necessary investments.

Public jobs and retirement systems support the state economy

One out of six payroll jobs in Iowa is a government job,⁸ and most of those are held by state or local employees covered by IPERS. When these state and local workers retire, the majority remain in Iowa. All told, about 10% of the state's population are IPERS members, boosting the economy both during work years and afterward. The latest IPERS annual report notes that \$2.351 billion (88% of the \$2.659 billion in total benefits paid in FY 2024) was paid in-state to about 122,000 IPERS beneficiaries,⁹ who turn those dollars around into our state and local economies.

The Iowa DOGE attack on IPERS is unwarranted and policymakers should reject it

The DOGE idea presented in recent days represents a persistent, lurking threat to a program that has worked for seven decades to boost public employees and state and local economic stability. It has become stronger despite scare tactics by those who often denigrate our essential public employees. IPERS is strong, and it represents a better example of pension policy than the less-certain promise of defined contribution plans that have become prevalent in the private sector.

¹ Tom Barton, Cedar Rapids Gazette, "Iowa GOP leaders 'have no interest' in changes to IPERS," Aug. 13, 2025. <https://www.thegazette.com/state-government/iowa-gop-legislative-leaders-have-no-interest-in-changes-to-ipers/>

² Iowa Code Chapter 97B.2, Purpose of chapter. <https://www.legis.iowa.gov/docs/code/97B.2.pdf>

³ Imran Farooqi, Peter Fisher and David Osterberg, Iowa Policy Project, December 2013: "Public Pensions in Perspective." https://www.commongoodiowa.org/media/cms/131212pension_5A2D0276AC338.pdf Op cit., Farooqi, et al.

⁴ Op cit., Farooqi, et al.

⁵ Des Moines Register, "Iowans for Tax Relief calls public pensions 'huge liability,'" Jan. 10, 2014. <https://www.desmoinesregister.com/story/news/politics/2014/01/10/iowans-for-tax-relief-calls-public-employees-pensions-huge-liability-needing-reform-in-2014-session/4410357/> Also, Des Moines Register, "Tax relief group calls for pension reform," Jan. 11, 2014.

<https://www.desmoinesregister.com/story/news/local/government/2014/01/11/tax-relief-group-calls-for-iowa-pension-reform/4428751/>

⁶ Op. cit. Farooqi, et al.

⁷ IPERS, "IPERS' funded ratio tops 90% in FY2024; highest ratio since FY2002," Dec. 6, 2024. <https://ipers.org/news/2024-12-06/ipers-funded-ratio-tops-90>

⁸ U.S. Bureau of Labor Statistics, Current Employment Statistics Survey (July preliminary), Aug. 14, 2025.

⁹ IPERS Annual Comprehensive Financial Report FY 2024, introduction and supporting statistical tables, December 19, 2024. <https://ipers.org/media/87/download?inline=>

For more information, visit the Common Good Iowa website, www.commongoodiowa.org, or contact Deputy Director Mike Owen, mowen@commongoodiowa.org