

FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



NEWS STORIES FOR NOVEMBER 2011 ON FLORIDA PENSION ISSUES

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[1 of 3 Florida municipal pension funds gets D or F for underfunding](#)

BY [Rob Kozlowski](#), Pensions&Investments, November 11, 2011

Nearly one-third of Florida municipal pension plans grade out as a D or F for their funding ratio, according to a report card released by the public policy organization LeRoy Collins Institute. "Report Card: Florida Municipal Pension Plans" grades 208 municipal defined benefit plans throughout Florida based on funding levels and costs. Plans that were more than 90% funded received an A; 80% to 90% funded, a B; 70% to 80%, a C; 60% to 70% a D; and below 60%, an F. Of the 208 plans, 30 received an A, with the \$11 million Plantation (Fla.) Volunteer Firefighters' Retirement Plan leading the way with a funding ratio of 130.3%. There were 31 plans with failing grades, with the \$1.6 million Cooper City (Fla.) Municipal Pension Trust Fund with the lowest funding ratio, 35.5%

The full report is available at [Florida State University's website](#).

Editor's Note: This same story, with local pension plans cited, ran in most newspapers across the state of Florida.

[Commentary: Collins Institute used faulty grading system for Florida](#)

By Fred Nesbitt, Palm Beach Post, November 21, 2011

The Leroy Collins Institute has issued a second report in its "Tough Choices" series. Once again, the institute missed the mark by using a fundamentally flawed premise on which to base far-reaching conclusions about the health and sustainability of Florida's municipal pension funds ("Report finds pensions lacking.") In "Report Card: Florida Municipal Pension Plans," the Institute attempted to letter-grade local pension plans using just two of the many criteria that should be used to assess a plan's health. Worse, it failed to accurately define, apply or account for actuarial best practices in determining that grading. **Brad Heinrichs**, principal of **Foster & Foster**, an actuarial firm headquartered in Florida that represents close to 200 local pension plans, issued a four-page response to the institute's report, saying, in part, "We feel a responsibility to correct many of their findings, so that plan sponsors, taxpayers, and members of these plans do not draw the wrong conclusions or ultimately make misinformed decisions." The Florida Public Pension Trustees Association seconds that notion. Leaving aside the fact that funding ratios alone do not tell a complete story - even a fully funded plan may not be sustainable if sponsors fail to contribute the required amounts - the institute's authors failed to acknowledge that funding ratios often change for reasons other than poor performance. **Fred Nesbitt**, former executive director for the National Conference on Public Employee Retirement Systems, wrote this for the **Florida Public Pension Trustees Association**.

[Carol Weissert: Collins Institute stands by its report](#)

Gainesville Sun, November 28, 2011

The latest LeRoy Collins Institute release, "Report Card: Florida Municipal Pension Plans," focuses on improving transparency of local government pension plans. The grading breakdown in the report accurately reflects the funding levels reported in recently available Comprehensive Annual Financial Reports (CAFRs) from each city represented. **Foster & Foster**, a reputable actuary firm in Florida, and **Fred Nesbitt**, writing on behalf of the **Florida Public Pension Trustees Association**, have raised concerns about some of the report's findings. We respectfully recognize their years of experience, but the fact remains we are not optimistic most of the pension plans with high costs and low funding levels are beneficial to taxpayers, no matter how they are labeled. The Institute looks forward to the continued discussion on the importance of fully funding pension plans as well as helping Floridians engage in the funding of their plans.

Carol Weissert, LeRoy Collins Institute

[Firm fires back at pension study](#)

By Ryan E. Little, News Chief, November 19, 2011

A Tallahassee think tank that graded Florida pension plans "clearly does not understand" the data it used, claims a national pension firm that represents the city of Winter Haven. The CEO and president of **Foster & Foster**, a national pension firm that represents about 200 Florida cities, including Winter Haven, took issue with the report. "Assigning letter grades to a subjective, non-uniform measure is dangerous, and reflects a material misunderstanding of the actuarial information being reflected," **Bradley Heinrichs** wrote in a memo obtained by The Ledger through a public records request. Brad Heinrichs said contrary to what the study may infer, sustainability of pension plans has very little to do with funding levels or absolute costs. "The sustainability of a pension plan has far more to do with the sponsor's ability to continue to make the annual payment each year," he said.

[Battle over costly city pension plans heats up](#)

By Alex Boyer, NBC2 Reporter, November 18, 2011

The debate over costly city pension plans continues. The Florida Professional Firefighters Association is blasting a recent report, released by the Leroy Collins Institute, calling it a "hack job." The report graded local pension plans, and the news wasn't so good. "It's borderline irresponsible," said **Foster & Fosters' Bradley Heinrichs**. Bradley Heinrichs is slamming a report released by the Leroy Collins Institute. The report graded Florida municipal pension plans based on their long-term sustainability. "To really label these plans A, B, C, D, F on this arbitrary or at least non-uniform criteria. I don't think is right," said Heinrichs. The Florida Professional Firefighters Association is outraged over the Collins report -- calling it -- an "inept study" with "bits and pieces of information to form erroneous conclusions."

[Give cities the power to shore up pensions](#)

Orlando Sentinel, November 29, 2011

Earlier this year, Florida legislators started making state employees contribute to their pensions. That strengthened the state's biggest public pension plan, and made it fairer for the taxpayers who subsidize pensions. But there are hundreds of smaller pension plans run by Florida cities for their employees, and many aren't as well funded as the state plan. And while legislators also took some steps to help cities shore up their plans, much more needs to be done. This isn't just an issue for city leaders and employees. Local taxpayers share the burden of bankrolling pensions through employer contributions to the plans. Rising retirement costs can force tax hikes or siphon dollars from other needs, from public safety to parks. If not adequately funded, those costs theoretically could bankrupt a city.

[Naples pension plan changes add up to \\$100 million savings over 30 years](#)

By [Jenna Buzzacco-Foerster](#), Naples News, November 13, 2011

While Naples officials said negotiated changes to the city's pensions plans will have that significant of an effect on the city's coffers, officials in Collier and Lee counties said the savings aren't the norm. Instead, local government officials said they haven't been as lucky as they tackle the ever-growing pension predicament. City leaders were able to negotiate changes to two of the plans — the general employee and police pensions — that froze the existing pension plan before creating a new plan with a lower multiplier, or the percentage of wages used to calculate a person's annual pension, and increased employee contributions for existing employees. But those savings weren't just achieved through a higher employee contribution. The city also pulled out of a state program that helped pay for the police and fire pension plan.

[Port Orange mayor: Poor grade on city pensions expected](#)

By Ray Weiss, Daytona Beach News Journal, November 15, 2011

Port Orange Mayor Allen Green says a recent failing grade by a Tallahassee think tank on the financial health of the city's police and fire pensions came as no surprise to him. "It just reinforces what we know," he said. "There's no other way to grade it." Negotiations with the city's two fire unions over contracts dating back to 2008-09 have gone nowhere in recent years, and the acrimony has resulted in years of legal stalemate, although those tensions might be loosening. The police union has made extensive concessions in the past year -- agreeing to a defined contribution system much like a 401(k) for new hires that is expected to lessen the city's financial burden in the future. Carol Calache, president of the Port Orange Firefighters Association, said Monday her group has offered to go to a similar contribution plan the city is considering, which might improve the financial health of the pension. The city's funding for the firefighters' pensions went from a surplus of \$83,000 in 1999 to a deficit of \$19 million in 2010, while the financial liability for the police pension rose from \$558,000 in 1999 to \$16 million in 2010, a decrease of \$2 million from the previous year. Without raising taxes, Port Orange officials say they are locked into contracts with higher salary and benefit structures that were established a decade ago by their predecessors on the City Council, made worse by investments in pension funds hit hard by the bad economy.

[Commissioners discuss new ideas for EMS](#)

By Suzette Porter, Tampa Bay Newspaper Weekly, December 2, 2011

Pilot programs, pension concessions from St. Petersburg, cost-savings on a contract renewal with Paramedics Plus, EMS millage rates by district, fire fees and more. Pinellas County Commissioners talked about several new ideas to cut costs for Emergency Medical Services during a work session Nov. 28. Should the county continue to contract with a private company, Paramedics Plus, to run Sunstar, or should local fire departments take over ambulance service. The IPS plan, prepared by Integral Performance Solutions, a consultant hired by the county administrator, continues to use Sunstar as the sole provider of ambulance (transport) service and it suggests a new funding formula that would reduce the amount some fire departments would be paid for first responder services. A second plan, prepared by two local firefighters, has fire departments taking over transport services, emergency and non-emergency, eliminating the contract with Paramedics Plus, the company currently operating as Sunstar under the county's license.

[State workers' health insurance may be next cost-savings target](#)

By [Lloyd Dunkelberger](#), Herald-Tribune, November 13, 2011

After forcing state workers to help pay for their pensions this year, lawmakers and Gov. Rick Scott may turn to employees' health insurance to save money next year. Workers now have to pay some toward their health care, but not nearly as much as in the private sector. And that is especially true of those classified as "managers" — including lawmakers, who, along with Scott only pay \$30 a month for their insurance. The \$2 billion insurance plan, which covers some 177,000 active and retired employees, is projected to rise to \$3 billion by 2014.

[These cops don't need an Ivy League degree](#)

BY FRED GRIMM, Miami Herald, December 3, 2011

Imagine the consternation of those long deluded parents, the ones who spent years, K through 12, cajoling and threatening and begging their progeny into taking what The Miami Herald has now definitively shown to be the wrong career path. Then they pick up the newspaper and discover what they should have done to insure their nestlings' financial future: frog-march the kids down to the Miami Beach Police Department, or some other South Florida public safety outfit, and demand an employment application. Then The Herald's David Smiley and Daniel Chang, reporting on South Florida public pensions extravagances, inadvertently crushed the Ivy League myth. At about the same age Harvard grads hit their mid-career stride, South Florida cops and fire fighters were retiring with pensions comparable to Harvard and Princeton salaries. Smiley and Chang discovered that of the 38 Miami Beach police and firefighters who began receiving pensions in 2009, "26 did so in their 40s with an average retirement benefit of \$104,000 — and a promised annual increase of 2.5 percent." Of the 154 Miami police and firefighters who retired on Sept. 26, 2010, 55 qualified for annual pensions exceeding \$100,000 a year. Many returned to work, post-retirement, under the DROP program, while their pensions accrued into hefty nest eggs.

Editor's Note: How many Harvard and Princeton grads face death or confront violent criminals on a daily basis?

[Special magistrate sides with Jacksonville police union](#)

By Timothy J. Gibbons, The Florida Times-Union, November 29, 2011

A special magistrate has recommend Jacksonville police officers take a 2 percent pay cut but continue paying nothing for their health insurance -- a better deal for the officers than even the Fraternal Order of Police itself has offered to take. The city was looking for a 3 percent pay cut starting in the contract's first year -- down from a 4 percent cut it had initially asked for -- as well as a freeze on raises. It also wanted the union to agree to negotiate pension benefits. The pension issue has been a major sticking point, with the union contending that those negotiations should be done with the Police and Fire Pension Fund, as has been done for years. Sherman's recommendations don't touch on the pension issue, with the magistrate saying it was unclear that he had the legal authority to deal with it. "He feels that to do so would only invite litigation and further uncertainty," Sherman, a Tampa-based arbitrator, wrote. The magistrate did not feel raises, known as step increases, should be frozen, however, saying that doing so would impose "arbitrary and significant injustices" on the officers. "Modifications to or abolition of step increases amounts to scrambling an egg that it can be difficult, if not impossible, to unscramble," he wrote. Sherman also recommended against having officers chip in for their own insurance (they now pay only for dependents), saying that the annual physical exams they must take as condition of employment is a special burden faced by the employees and therefore they should be treated differently than the rest of the workforce.

Editorial: Employees must help pension plans

News Press Editorial, November 16, 2011

Concerns about underfunding of public pension plans has been widespread in recent years, but it was still a shock to see how much reinforcement is needed by plans for municipal workers in Southwest Florida. Excessive pension promises and in some cases bad management decisions are to blame, along with a slumping economy that reduced investment income. Unless reforms are made, taxpayers are on the hook for additional money for plans that can't meet their obligations. It's unfair to expect taxpayers to suffer more service cuts in order to bail out poorly managed municipal pension plans. Generally, public employees should contribute more to their retirement, and future pensions may have to be reduced. In these universally tough times, the taxpayer must be assured that public workers are doing their share and receiving benefits in line with the private sector.

Police union, cities take pension feud to court

By Jane Musgrave, Palm Beach Post, November 10, 2011

Rarely on friendly terms, the Florida League of Cities and the Police Benevolent Association are duking it out in court, trying to force the other to give up information both insist is private. Palm Beach County PBA President John Kazanjian was sued by the group that represents the state's municipalities. It wants a judge to force him to give up personal emails it insists are public records. Kazanjian scoffed at the claims, pointing out that the PBA is a private organization and therefore so are his emails. The funny part, he says, is that Florida PBA filed a similar lawsuit against the league in Tallahassee last year. The lawsuit against him is simply payback, he says.

Police union sues city of Sarasota

By [J. David McSwane](#), Sarasota Herald-Tribune, November 14, 2011

A lawsuit filed by the Southwest Florida Benevolent Association claims that the city, in its effort to curb costs, broke decades-old promises it made to employees who were hired before 1994. That promise: If you retired from the city, your medical and dental benefits will be paid in full, for life, by taxpayers. But changes made earlier this year shifted some of that burden on retirees with fixed incomes, who now pay 10 percent of their premiums and will next year be expected to pay 17 percent. The change affects all employees, not only police.