



# **TOUGH CHOICES**

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# **Trouble Ahead: Florida Local Governments And Retirement Obligations**

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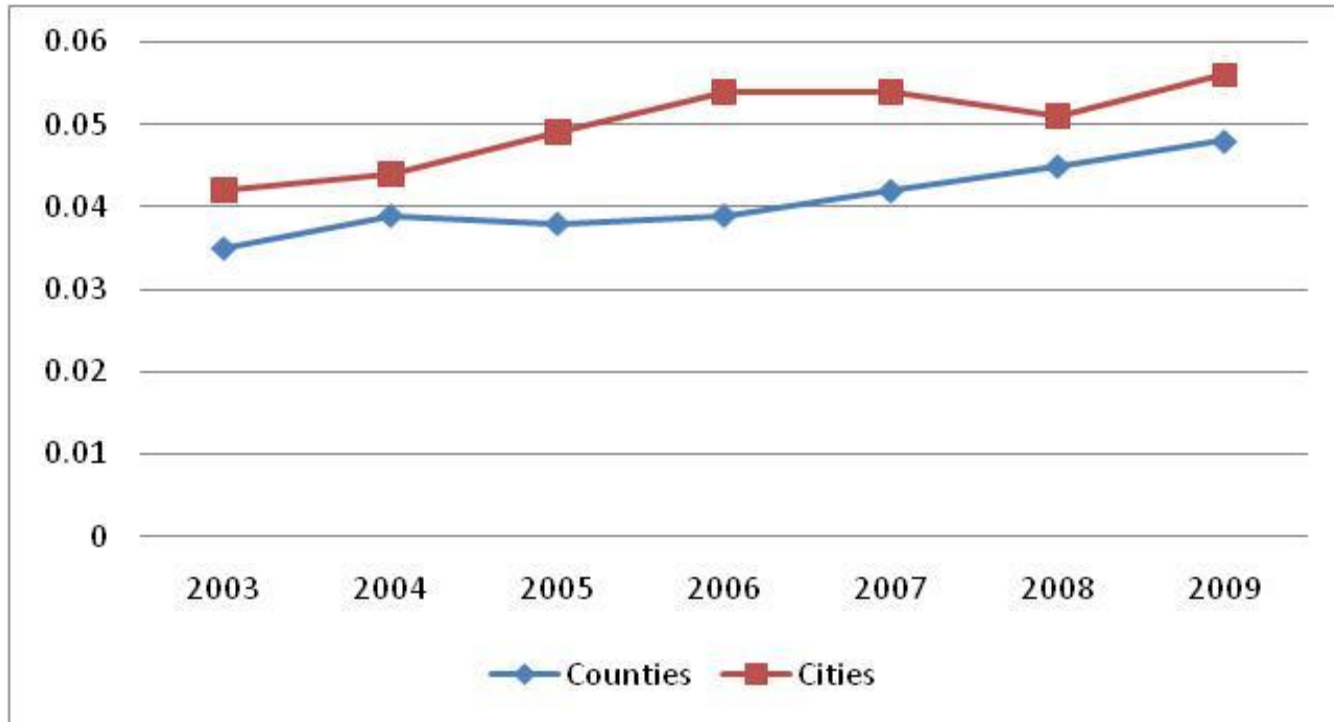
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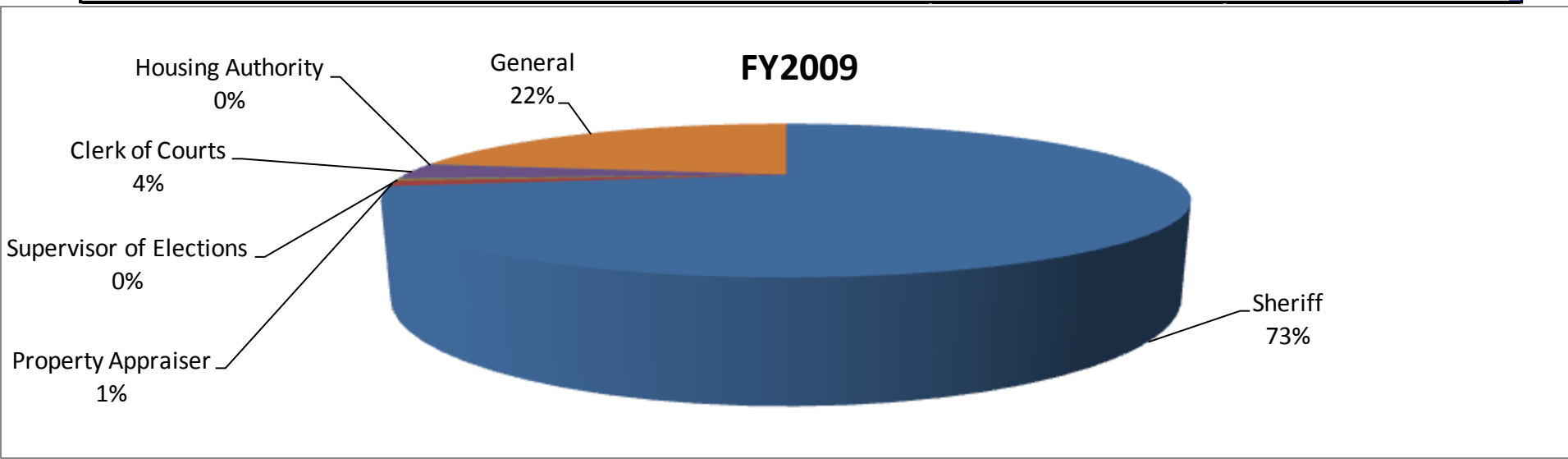
# Trends in the Annual Cost of Pensions as a Share of Total Governmental Expenditures in FY2009



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# Broward County Pension Costs

	2004	2009
<b>Total Pension Cost</b>	\$ 65,900,000	\$ 96,058,000
<b>Percent of Total Governmental Expenditures</b>	4.3%	5.6%
<b>Percent of Covered Payroll</b>	11.1%	13.8%



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# Pension Costs in Large Broward County Cities

City	Annual Pension Cost	Percent of Total Government Expenditures
Weston	\$201,678	0.3%
Deerfield Beach	\$6,407,410	7.0%
Pompano Beach	\$10,066,078	8.0%
Coral Springs	\$11,676,442	9.0%
Miramar	\$12,999,131	11.1%
Fort Lauderdale	\$38,365,037	12.2%
Davie	\$12,856,613	13.4%
Pembroke Pines	\$34,869,960	13.9%
Hollywood	\$35,392,928	15.8%
Sunrise	\$18,511,765	16.2%



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# Funding of Pension Plans

<b>Funding Levels</b>	<b>FY2006 Sample of 10 Large Cities in Florida</b>	<b>FY2009 Sample of 10 Large Cities in Florida</b>	<b>FY2009 Largest 10 Cities in Broward County</b>
Below 60%	16%	13%	28%
60 to 80%	28%	51%	52%
80 to 90 %	24%	23%	12%
More than 90%	32%	13%	8%
Number of Plans	25	30	25



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# Funding of OPEB Liabilities in Broward County

City	Unfunded OPEB as % of Covered Payroll	Unfunded Liability as % of Total Governmental Expenditures
Davie	2%	0.2%
Coral Springs	6%	0.3%
Pompano Beach	16%	2.0%
County General Employees	18%	2.8%
Fort Lauderdale	36%	1.2%
Deerfield Beach	57%	1.9%
Miramar	64%	2.4%
Sunrise	81%	3.2%
County Sheriff's Office	87%	14.9%
Pembroke Pines	145%	4.9%
Hollywood	433%	12.6%
Weston	NR	NR



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# LCI Recommendations

## Recommendations for local governments on retiree benefits:

1. Gradually raise the *minimum age before a retiree qualifies for benefits*.
2. Revise the *base salary* used to calculate pension benefits.



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# LCI Recommendations

## Recommendations for state government on health benefits:

1. Consider ***repealing current Florida law requiring the implicit subsidization*** of healthcare benefits for Florida local governmental retirees.
2. ***State oversight*** by a relevant state agency should be provided in statute to manage local retiree health benefit obligations.



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# LCI Recommendations

## Recommendations for state and local governments on administration and transparency:

1. Municipalities should set a ***minimum contribution rate*** to ensure minimal contribution levels during good years.
2. Reduce or remove the statutory restrictions on ***the use of premium tax dollars***. Municipalities and counties should be able to use premium tax dollars to cover their current pension obligations.
3. Localities should improve the accessibility of funding, actuarial reporting and liabilities ***information to its taxpayers***.



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Thank you for your time.



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