FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

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Florida ranks No. 1 in fiscal health, report says
Orlando Sentinel, July 17, 2017

Florida is No. 1 among the 50 states when it comes to its fiscal health, according to a study conducted by a free-market think tank at George Mason University. Measuring short-term and long-term solvency, which includes issues such as state revenue, budget reserves, bond debt and pension liabilities, the Mercatus Center named Florida as the top state in its annual survey of the fiscal health of the states. "Keeping debt levels low, saving cash to pay bills and maintaining solvent budgets reflect a culture of fiscal discipline," the report said. "The first-place position of Florida in particular demonstrates that this is possible even with a relatively larger population and higher pension costs that arise from an aging population." Florida's pension fund had the capacity to pay 86 percent of its long-term obligations, well above the national average of 74 percent, the report showed. No. 50 was New Jersey, where Gov. Chris Christie drew criticism for budget-related beach closings during the 4th of July weekend. See the full report here.

Study to evaluate Longview firefighters' pension fund
By Jimmy Isaac, Longview News-Journal, July 18, 2017

Amid a year of contribution changes and employee turnover, Longview firefighters have requested an independent study of their pension fund. Longview Fireman's Relief and Retirement Fund received a clean opinion from auditors, but fund directors also learned the plan's unfunded liabilities reached $48.8 million. It would take more than 50 years to eliminate those liabilities, so directors requested a study to determine if the liabilities will increase or decrease during the next decade at the plan's income levels, said Drew Ballard, a consulting actuary with **Foster & Foster** Actuaries and Consultants of Florida. Ballard will conduct the study and the results of the study are due in September. "We don't have a cost of living adjustment, and we don't pay any interest on drop money," the board chairman said. "In Dallas, they're giving more interest than they're assuming that they're going to make guaranteed … We're fortunate that we don't have those provisions in our plan document that have led to the struggles of those other funds."

Miami police rack up favorable rulings after high court decision on cuts to pay, pensions
By David Smiley, Miami Herald, July 20, 2017

Miami officials ought to reinstate pre-recession salaries and pension benefits for their 1,300-member police force after improperly imposing cuts on employees seven years ago during a financial crisis, according to a state hearing officer. Joey Rix, wading once again into the long-running legal saga between the city of Miami and its police union over unilateral cuts made by city commissioners in 2010, recommended that Florida's Public Employees Relations Commission tell the city to rescind the forced changes to officers' wages, healthcare and pensions. He said the city, which lost a crucial case against the Fraternal Order of Police in March before the Florida Supreme Court, should return its police force to the pre-existing contract that elected leaders deemed too rich to continue in the face of what at the time was a massive budget hole. Rix's recommendation is just that, a recommendation. The Public Employees Relations Commission, a legal body tasked with handling government employee and union disputes, will make the more binding decision.

Ex-Orlando cop with PTSD after Pulse granted disability pension

By Amanda Spence, Orlando Political Observer, July 18, 2017

An Orlando pension board granted permanent disability benefits to a former Orlando Police officer who has experienced post-traumatic stress disorder (PTSD) after the Pulse shooting. Gerry Realin has been fighting an uphill battle regarding his retirement benefits. He had run out of all of his allotted paid time off. Florida law doesn't allow for worker's compensation benefits after first responders suffer from PTSD only. The meeting concluded with Realin receiving a pension with a unanimous decision. Though he will only be getting 80% of what he was getting paid before, it is a huge weight lifted for him and his family. Such rulings are finally becoming more prevalent. In 2012, a state board ordered Newtown, Connecticut to pay disability to a traumatized police officer after the 2012 Sandy Hook shooting.

Wednesday Editorial: Curry's budget offers a bold future for Jacksonville

By Editorial Board, Florida Times Union, July 18, 2017

When the citizens approved a pension sales tax increase by impressive margins last year under Curry's leadership that freed Jacksonville to return to investing in the future. Curry rolled out a city budget that returns to investing in the future again rather than being tied to the past. Examples of Curry's proactive spending include: 100 new police officers to fight a stubborn murder problem. The Jacksonville Sheriff's Office will be near its level in 2011 when murder numbers dropped. In his first two budgets, Curry added 80 officers and 80 community service officers. His third-year budget adds 100 more. As Curry said, at current low levels, there simply aren't enough officers to do true community policing. They must race from call to call. 43 more Fire &Rescue employees for a department slammed by an overdose crisis and $12 million for a backup 911 communications center. "Before pension reform, our future was built on a foundation of sand," Curry said in his address before City Council. "Now we have a foundation of solid rock." Curry stubbornly told everyone the pension had to be resolved before other needs could be addressed. And he was right. The citizens of Jacksonville are already seeing the fruits of their landslide vote on the pension sales tax last year.

Regalado's final budget as Miami mayor tops $1 billion

By David Smiley, Miami Herald, July 11, 2017

Miami's city government will spend more than $1 billion on operations next year for the first time in its more than 100-year history under Tomás Regalado's 2018 budget, his final as mayor. Under his proposed operating budget, the city's workforce swells to 4,400 employees, pension expenses top $100 million, and the city makes investments in a new emergency radio system, fire trucks and climate change preparation. Heavily influenced by commissioners, Regalado has used that money to hire hundreds more police officers and dozens of new firefighters, and to restore pay and pensions. This year, for example, an estimated $23 million in increased property taxes would pay for $6.7 million in pay hikes, $10 million in pension obligations, and $6.2 million in healthcare increases. Left unmentioned in the proposed budget, however, is the potentially massive liability of a lawsuit by the city's police and fire unions over the cuts imposed in 2010. The Fraternal Order of Police won a challenge of the cuts before the Florida Supreme Court this year, raising the potential that Miami taxpayers could be on the hook for more than $100 million in back pay and pension obligations.

EnerVest in talks to salvage 2 funds

By Arleen Jacobius, P&I, July 18, 2017

EnerVest is in the final stages of discussions with a private equity firm that would recapitalize its troubled 12th fund and is in discussions to sell assets held by its troubled 13th fund. Florida State Board of Administration, Tallahassee, earned internal rates of return of -9.4% for Fund XII and -79.1% for Fund XIII, as of Sept. 30, according to information on its website. The board oversees a total of $189.4 billion in assets, including the $151 billion Florida Retirement System.

Rosy outlook for state pension fund

By Lloyd Dunkelberger, Homes County Times Advertiser, July 3, 2017

Florida's $155 billion pension fund is on track to show a positive gain for the eighth straight year, as the state's fiscal year ended on Friday. Although the final number will not be calculated for some time, State Board of Administration officials said they expected the return to be near a Wednesday estimate showing the fund was up 14.24 percent for the fiscal year.

Americans' Retirement Benefits Have Been Slashed

By Ben Steverman, Bloomberg, July 19, 2017

Employers cut their contributions to workers' retirements by a quarter from 2001 to 2015, according to the consulting firm Willis Towers Watson. The biggest driver: the decline of traditional defined-benefit pensions, replaced by stingier, 401(k)-style, defined-contribution plans. Retirement benefits—including employer contributions to pensions, 401(k)s and retiree health-care benefits—fell from 9.1 percent of worker pay in 2001 to 6.8 percent in 2015. Spending on traditional pensions plunged 76 percent, to less than 1 percent of worker pay. Medical benefits for retired workers became increasingly scant, falling from 1.2 percent of worker pay to just 0.2 percent. While retirement plans got less generous, spending on current workers' health insurance soared: employers doubled their spending on health care as a percentage of employees' pay, from 5.7 percent in 2001 to 11.5 percent in 2015. In 2001, retirement made up the majority of the cost of providing benefits to employees. By 2015, health care for current employees was 63 percent of all benefit spending. Studies have shown that workers' contribution to their own health care, in the form of deductibles and co-pays, is also up.

Lifting the state of siege on public-sector pension plans

By David Blitzstein, Pensions&Investments, July 19, 2017

Pension plan contribution requirements are especially challenging for state and local governments that operate with annual balanced budget requirements. The 2015 required contribution as a percent of payroll in their public pension plan database was 18.6%, up from 12.5% in 2008 and 6.7% in 2001. This is not a sustainable trend. In some cases, states' and local government's pension underfunding threatens their credit ratings and potentially their ability to borrow. The fallout surrounding the future of public pension plans has raised questions of public trust in the retirement institutions charged with the duty of delivering pension benefits to 35 million American workers and retirees. There are multiple reasons for the public pension plan funding crisis. Two consecutive financial crises in the 2000s imposed dramatic asset drawdowns in all pension plans, both public and private, destroying trillions of dollars of retirement wealth. It took eight years for most plans to recover their 2007 asset values. These investment losses coincided with costly demographic trends, including an aging workforce and rising longevity. As plans mature, they are generating negative cash flow (annual benefit payments plus administrative expenses exceed annual employee and employer contributions), creating a further drag on funding progress. Finally, historically low interest rates have inflated plan liabilities and have raised serious questions about the reasonableness of funding assumptions greater than 7%.