

viewpoint

Pension crisis needs total reform first

point of view
tom majdanics

Note to readers: The Times-Union invited The Mayor's Office to respond to this opinion column. The column by Gary Chartrand and John Baker is adjacent.

Over the past 15 years, Jacksonville's city government has mutated from a provider of civic goods and services to a supplier of unsustainable pension benefits.

Citizens are paying for years of backroom deals, conflicts of interest, secret executive retirement packages, absentee oversight and, as reported by the Times-Union, a few employees with \$5 million in lifetime pensions.

Nearly \$1 billion of taxpayer money has been diverted to pensions in the past five years, causing city services to be slashed. Pensions alone now consume one-quarter of our city budget.

Even with this \$1 billion infusion, our pension debt grew by over \$700 million. We are now faced with a pension debt of \$2.85 billion.

Jacksonville's pension system has been a catastrophe. It demands total reform.

I voted for Mayor Lenny Curry, financially supported his campaign and respect his efforts to find a solution to this inherited problem.

But the mayor has proposed a plan whose cornerstone is a new, \$4 billion pension bailout tax — the largest tax in Jacksonville history.

His plan protects the status quo of unsustainable pension benefits.

His plan refinances pension debts against the advice of his own financial advisers at a cost of \$1.5 billion to taxpayers.

His plan kicks the can to Jacksonville's children to pay for our pension debts during the prime of their working years.

It is all tax, no reform. Voters must reject it in August's referendum. There is a better way forward.

Using the mayor's own figures, we can build a plan that comprehensively reforms our broken pension system, reduces taxpayer risk and responsibly pays our debts.

It would cost taxpayers billions less than the mayor's new bailout tax and spare our city's children from paying for our past mistakes.

TOTAL REFORM FIRST

First, our city needs complete, across-the-board reform of all city pension plans.

We can annually save at least \$35 million by cutting excess Wall Street investment fees currently paid by our pension system and by renegotiating future benefits for both new and current city employees across city government.

The mayor acknowledges that current city pension benefits are dysfunctional, do not represent the market and are financially unsustainable. He's right.

An average American collects full Social Security benefits at age 66. After a lifetime of work, he or she will receive about \$400,000 in benefits during their remaining years.

That's what the average Jacksonville citizen can expect. In contrast, the top 1 percent of earners will receive around \$800,000 in Social Security benefits.

But in Jacksonville, the average city corrections employees are retiring in their late 40s and collect about \$2.5 million in lifetime city retirement benefits. This is funded primarily by taxpayers.

The average police and fire employees also begin to collect pensions in their late 40s and will receive about \$4 million in lifetime benefits.

Jacksonville's general city employees can retire at age 55. They receive lifetime retirement benefits that are twice as rich as those offered in Clay or St. Johns counties for identical duties.

In all cases, city employees are eligible to receive full retirement benefits after 20 years of work.

Our city pensions are solid gold.

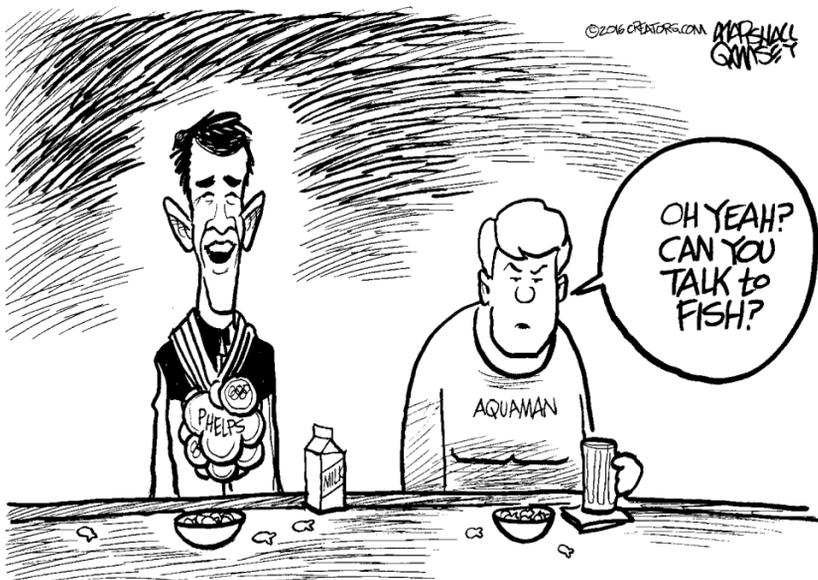
And they are eating our budget alive.

Next year, the city will pay \$340 million in citywide pension benefits to retirees. In 10 years, payouts will grow to nearly \$500 million. In 20 years, it grows to \$670 million. We need to bend this curve.

But the mayor's plan has not identified one penny of specific benefit changes to our broken pension system. Zero.

Most critically, his plan allows current employees to keep their gold-plated pensions. He lets taxpayers pick up that tab,

Another view: Marshall Ramsey Creators Syndicate



SUMMARY OF TOTAL REFORM FIRST

■ Starts with reform of all city pension plans.

■ Cuts excess Wall Street investment fees and renegotiates future benefits for both new and current city employees, saving taxpayers \$35 million annually.

■ Aggressively pays down pension debt by increasing property taxes by less than one mill.

■ Saves taxpayers \$2.7 billion vs. the mayor's plan by reforming pensions completely, retiring pension debts promptly and avoiding unnecessary interest costs.

■ Protects Jacksonville's children from paying for pension debts they did not create.

which runs into the billions.

Further, his plan allows for just one of our three broken pension plans to be closed to new employees. Which plans will be closed? What will they be replaced with? Will there be any savings?

He has shared zero details.

We have to pass the mayor's new tax plan first, so we can find out what is in it. He has it backward.

NEW BENEFITS CAN BE CHANGED

Jacksonville pensions need total reform first. We can legally negotiate future retirement benefits for all city employees that are fair and sustainable, attract and retain quality talent and provide retirees with full peace of mind.

We depend on city employees to keep us safe and to deliver services effectively and efficiently. But we do not need \$4 million pension packages or to provide twice the benefits of neighboring counties to achieve this. It can cost far less.

After first implementing total reform that saves at least \$35 million annually, a property tax increase of just under 1 mill would be needed to pay off our existing pension debt over time. The owner of a \$150,000 home with a homestead exemption would see taxes increase by \$100 annually.

I truly wish no further taxes were needed, but the past 15 years of gross pension mismanagement left a gaping hole for citizens to fill.

PAY LESS EARLIER

Our dysfunctional pension system is the laughingstock of Florida.

Ultimately, voters have a choice in August's referendum. We can choose to pay our debts now, coupled with total reform of our broken pension system. Or, to quote the mayor's pension advisers, we can pay more later.

The mayor's plan pays a lot more later.

Along with the new pension bailout tax, the mayor's plan stretches debt payments to 2049. In their most recent report to the city, the mayor's pension advisers warn against this three separate times. The plan increases our city's financial risk and will cost taxpayers a grand total of \$11.3 billion to fully fund our pension system.

Under the Total Reform First plan, our debts are fully paid several years earlier. It costs \$8.6 billion over the same time period, saving taxpayers \$2.7 billion vs. the mayor's plan.

Our children will not be saddled with pension debts they did not create. According to the mayor's figures, children entering kindergarten will still be paying this new tax when they are 39 years old. We can leave our kids a much better legacy.

The mayor's plan is all tax, no reform and shortchanges our kids.

On Aug. 30, citizens will be asked to approve or reject the mayor's new pension bailout tax. If you are satisfied with the current pension system, then vote yes.

I urge voters to reject this new tax.

Do not create a new, \$4 billion pension bailout tax, the largest tax in city history.

Do not kick the can to our city's children to foot the bill.

Solve this problem now, starting first with across-the-board pension reform.

The Total Reform First plan demands a comprehensive overhaul of our broken pension system and saves taxpayers billions vs. the mayor's new bailout tax.

Jacksonville needs Total Reform First.

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reason midweek

Jacksonville's future is on the brink

point of view
gary chartrand
john baker

As longtime Jacksonville residents, business leaders and concerned taxpayers, we have closely reviewed Mayor Lenny

Curry's plan to permanently close the city's defined benefit pension plans and resolve the chronic underfunding challenge that faces our city.

As a community debate unfolds, a number of arguments from opponents reveal a poor understanding of the facts. While short on specifics, these opponents imagine that some better solution awaits us if we vote down the mayor's plan and start over.

We believe these critics are uninformed and wrong and that their search for an "ideal" solution is a distraction that threatens to delay the important process of repairing Jacksonville's finances.

In making their decision, here's what voters need to know:

Jacksonville's pension woes are not ordinary, they are extraordinary. At this time the city of Jacksonville is burdened with \$2.7 billion in pension debt — debt that MUST be paid.

This means that Jacksonville, with just 4.5 percent of the state's population, holds pension debt that's more than five times higher per capita than anywhere else in the state, the equivalent of \$8,000 per household.

The unfunded liability is a legal debt owed by the city of Jacksonville by virtue of its contractual obligation to its employees, past and present.

The unfunded pension liability cannot be negotiated down through collective bargaining nor can it be undone by taking away benefits that have been earned. It's a matter of law that our city's pension liability is an unavoidable debt the city is obligated to pay.

The long-term solution to Jacksonville's financial problems is to close the unaffordable pension plans that caused the problem in the first place. Closing the plans is at the heart of the mayor's proposal. Fortunately, and provided that voters approve the mayor's plan, a key provision of the state legislation authorizing the referendum allows Jacksonville to spread the payments

on closed pension plans over a 30-year period, thereby giving the taxpayers the relief and affordability we need.

Bankruptcy is not an option. Jacksonville has the ability to increase property taxes to 20 mills. The current rate is 11.44 mills. The city would never be permitted to discharge its pension obligations with 8.5 mills of taxing capacity still remaining. No one who understands municipal financing believes that maxing out our property tax rate is the responsible thing to do.

Importantly, the mayor promised not to raise taxes in this way.

The purpose of the sales tax extension is to secure a sound financial future, not to fund a "Christmas in July" spending spree. Right now, because payments on our pension debt are gobbling up hundreds of millions of dollars each year, Jacksonville can't afford to pave worn-out roads, hire first responders, provide programs for kids or maintain basic infrastructure. The purpose of the mayor's plan is to pay off debt so that we can fund basic services; not "feel good" spending programs.

There's already a half-cent local option sales tax in place to fund the Better Jacksonville Plan approved by voters in 2000. The Aug. 30 referendum merely redirects these sales tax proceeds once the Better Jacksonville Plan has been paid in full.

If the Aug. 30 referendum passes, Jacksonville will be able to move forward to close its existing pension plans and pay off debt.

If the referendum fails, we're right back where we started.

Those who have studied our financial crisis know that Jacksonville is a city on the brink because we're hobbled by pension debt.

The mayor has done his part by offering a solid plan to get Jacksonville back on the right track financially. His commitment to solve this crippling problem now and not leave it for those who follow him should be commended.

The mayor is doing his part.

Now it's time for voters to do theirs.

Gary Chartrand and John Baker are Jacksonville businessmen and civic leaders. They were invited to respond to the Tom Majdanics column on this page.

Were actors used at Dem convention?

A Craigslist ad called for about 700 actors to fill seats at the Democratic National Convention after delegates staged a walkout.

The facts: TruthOrFiction.com looked into the ad, but could not confirm whether the ad was created by the Democratic National Committee, or if seat fillers were used to give the appearance of party unity.

Those rumors came up after a Craigslist ad appeared in the Philadelphia area the day after Bernie Sanders supporters and delegates staged a walkout at the Democratic convention, TruthOrFiction.com reports.

The post said: "Looking for 700 people to be utilized as actors during the National Convention."

"We currently have a number of empty seats that will need to be filled as we are currently removing a number of people and need to refill their seats for the

FACT CHECK



Want something checked out? If you see or hear about something that

needs a Fact Check, email carole.fader@jacksonville.com

remainder of the conference.

You will be paid \$50 each night for the remainder of the convention. You will be required to cheer at all times and will be asked to dress properly and possibly wear some promotional material."

The ad went viral. Websites such as Infowars, Townhall and Twitchy ran stories that claimed seat fillers would make it appear that the party had unified in support of nominee Hillary Clinton.

The stories included videos said to be posted by people at the convention who said they had personally witnessed

seat fillers flooding the arena. In one instance, a woman posted a video of her standing next to a man who explained:

"He just came down from above, in the nosebleed section, and because our people, the Bernie people, went out to do a press conference, he was just given a credential ... and he came [down] to be a seat filler."

The man did not give his name, so TruthOrFiction.com could not verify why he was at the DNC.

The fact-checker found no other firm evidence. And if you tuned into the convention coverage, you would wonder why the Democrats would need seat fillers with the crowd shown on TV.

But it does seem that the rumors exaggerated the number of Sanders walk-outs.

Given that there were 4,763 delegates on the floor of the Democratic convention, 100 to 150 of them walking out wouldn't have had that big of an impact.

Will campaign help Trump grow up?

point of view
letters in brief

If Donald Trump loses the general election he'll still be a winner.

Even now the man is being forced to confront his petulant, boorish, spoiled rich kid persona.

Maybe the fall campaign will help him grow up and wise up.
Rob Richardson, Jacksonville Beach

TRUMP AND OZ

I was happy to see that a Donald Trump supporter gave him Purple Heart the other day — because this is a man who really needs a heart.
Scott Schleifer, Jacksonville

LOW TAXED? GET REAL

Michael Hallett, a professor at UNF, mentioned in his column that Duval County has a chronic irresponsibly low millage rate.

I find that to be rather

humorous. Isn't having a high millage rate irresponsible?

Hallett must be among the many who do not recognize that government doesn't have a revenue problem, it has a spending problem.
Calvin Johnson, Jacksonville

A ONE-LINER

The choice is between "Lie, Lie, Lie" and "I, I, I."
David J. Gross, St. Johns

CIVILIZATIONS DECLINE

It has been said that the ancient Greece and Rome didn't go into decline because there was anything wrong with the principles on which their civilizations were based. They declined because the people who believed in those principles became a minority and they were overrun by people who didn't understand those principles at all.
M. T. Schaefer, St. Johns

ELECTION ISN'T RIGGED

Well, well, well! The Republican presidential nominee, Donald J. Trump, is complaining about a rigged election.

The only rigging going on is my distrust, disgust and distaste for him that he alone created.
Philip Bernstein, Jacksonville

KEILLOR ON TRUMP

I laughed out loud at Garrison Keillor's Friday column mocking Donald Trump's methods of endless, unconscionable flim flattery to woo and hold his voters.

I cried at the thought that all of those voters will believe every word as literal truth in Keillor's column.

It's sad that so many Americans with access to a decent public education actually believe what Trump says.

It's a national disgrace.
Steve Douglas, Jacksonville