



The facts on pensions don't support rhetoric

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Changing Florida's public pension systems has become a hot topic across Florida and the nation. Unfortunately, many politicians in Tallahassee have been using a moving target when giving their reasons for so-called pension "reform." This process began with certain assumptions, expressed as 10-second sound bites in media accounts and press conferences, about the overall health of our public pension systems and their impacts on government and the taxpayers.

As each and every one of these "reasons" for dismantling the state's pensions has been completely disproven by both independent reports and an examination of the state's own data, these politicians simply move on to another equally invalid rationale for putting the retirement security of our family, friends and neighbors at risk.

They have argued that the state's public sector pension systems are underfunded, unsustainable and a "ticking time bomb." Yet every study they have commissioned by objective experts including the State Board of Administration has shown that Florida's public pension system is one of the strongest in the nation. The SBA has reported repeatedly that the Florida Retirement System is close to 90 percent funded, well above the universally accepted rate of 80 percent. In fact, the FRS has been at an unheard of 100 percent for 11 of the past 13 years. The system is generating between 12 percent and 14 percent returns, and is expected to improve in the immediate future.

Every single independent analysis and ranking has shown that our system is one of the best in the nation.

Some in the Legislature then shifted their attack to create a divide between public and private sector workers, arguing that public sector workers have "lavish" pensions that their private sector counterparts could only dream of. Once again, the facts got in the way. The Florida Division of Retirement's own data indicates that the average FRS career service pensioner, after 21 years of service, only receives \$11,642 per year. They shifted again, saying the public pensions are just too burdensome on taxpayers. They say this with a straight face, even though the most recent report from the National Association of State Retirement Administrators clarifies that taxpayer

contributions to retirement plans in Florida, as a percentage of all state and local government spending as of 2008, was only 2.37 percent.

They have tried to argue that these pensions are a drain on local economies, completely ignoring the fact that their own data proves that each dollar in pension benefits generates \$1.41 in economic activity for our local small businesses.

In recent weeks, some politicians have seemingly started to level with Floridians, saying that radically altering the state's pensions is an attempt to help balance the budget on the backs of our teachers, firefighters, police officers, child welfare investigators and everyone who works to give us a better quality of life, people who have forgone raises over the past four to six years to balance previous budgets. This is wrong and unfair on its face, but even if it weren't, it will still do nothing to balance the state budget. In fact, closing the current defined benefit plan and forcing new hires into risky 401(k) type plans will actually *cost* taxpayers as much as \$450 million during the next three years alone, according to the Florida Senate's own Millaman Inc. actuarial studies.

In 2009, the Institute on Taxation and Economic Policy issued a report showing that the wealthiest 1 percent of Floridians paid an average 2.1 percent of personal income in taxes while the bottom 20 percent of workers (many public employees) paid 13.5 percent. The Florida Center for Fiscal and Economic Policy estimates that tax breaks for that top 1 percent have cost the state a whopping \$12 billion over the past decade.

This is why we have a budget crisis; it's not because of the relatively small pensions for public employees. These pensions are critical investments in our state's economic well-being, and generate hundreds of millions of dollars in economic activity. Changes that risk the health of those systems should be based on facts, not 10-second sound bites. There is a ticking time bomb, but it is not our public pensions. It is the politicians who want to raid what is one of the state's most effective programs -- one that serves our retirees, their families and all of our communities.

I urge everyone to check all of this information for themselves; they will see that the truth has had a very small role in this debate so far. That needs to change.

Williams is president of the Florida AFL-CIO, the state federation of almost 600 local unions representing 500,000 workers, retirees and their families. He lives in St. Marks.