



# TOUGH CHOICES

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## FACING FLORIDA'S GOVERNMENTS

# A Snapshot of Jacksonville-Duval Spending, Revenue and Retirement Plan Trends

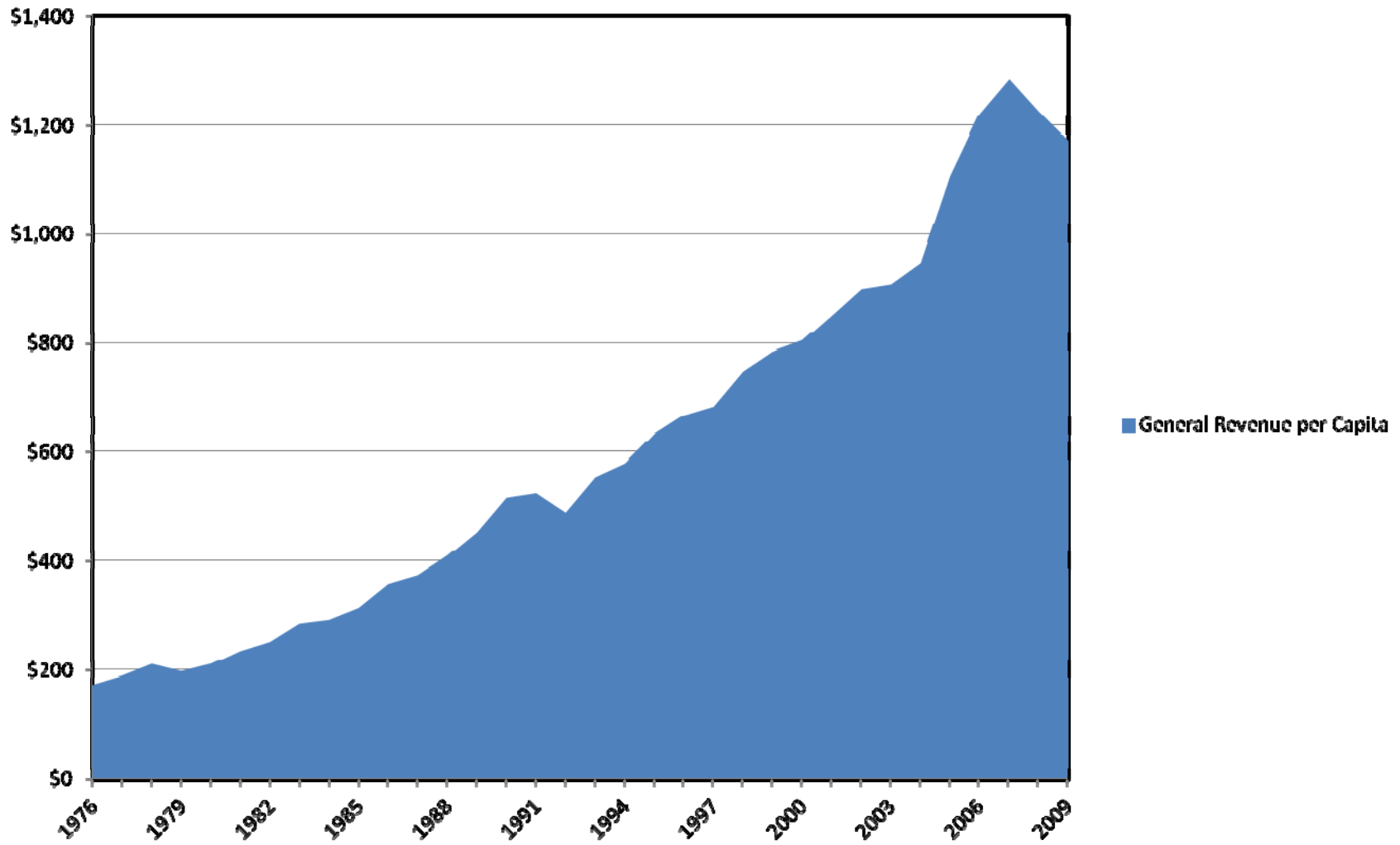
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Askew School of Public  
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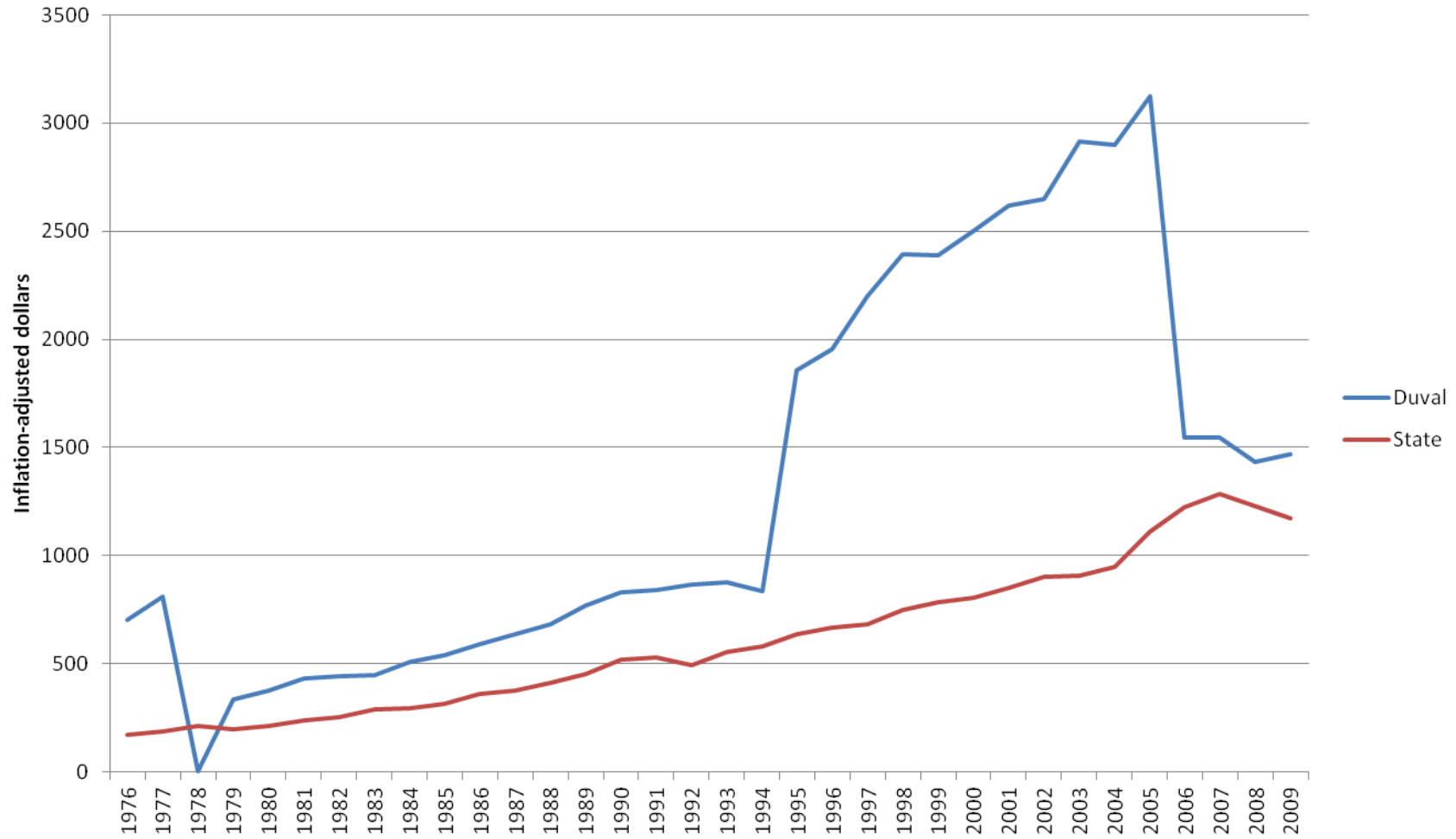
Lead Researcher  
LeRoy Collins Institute

October 25, 2011

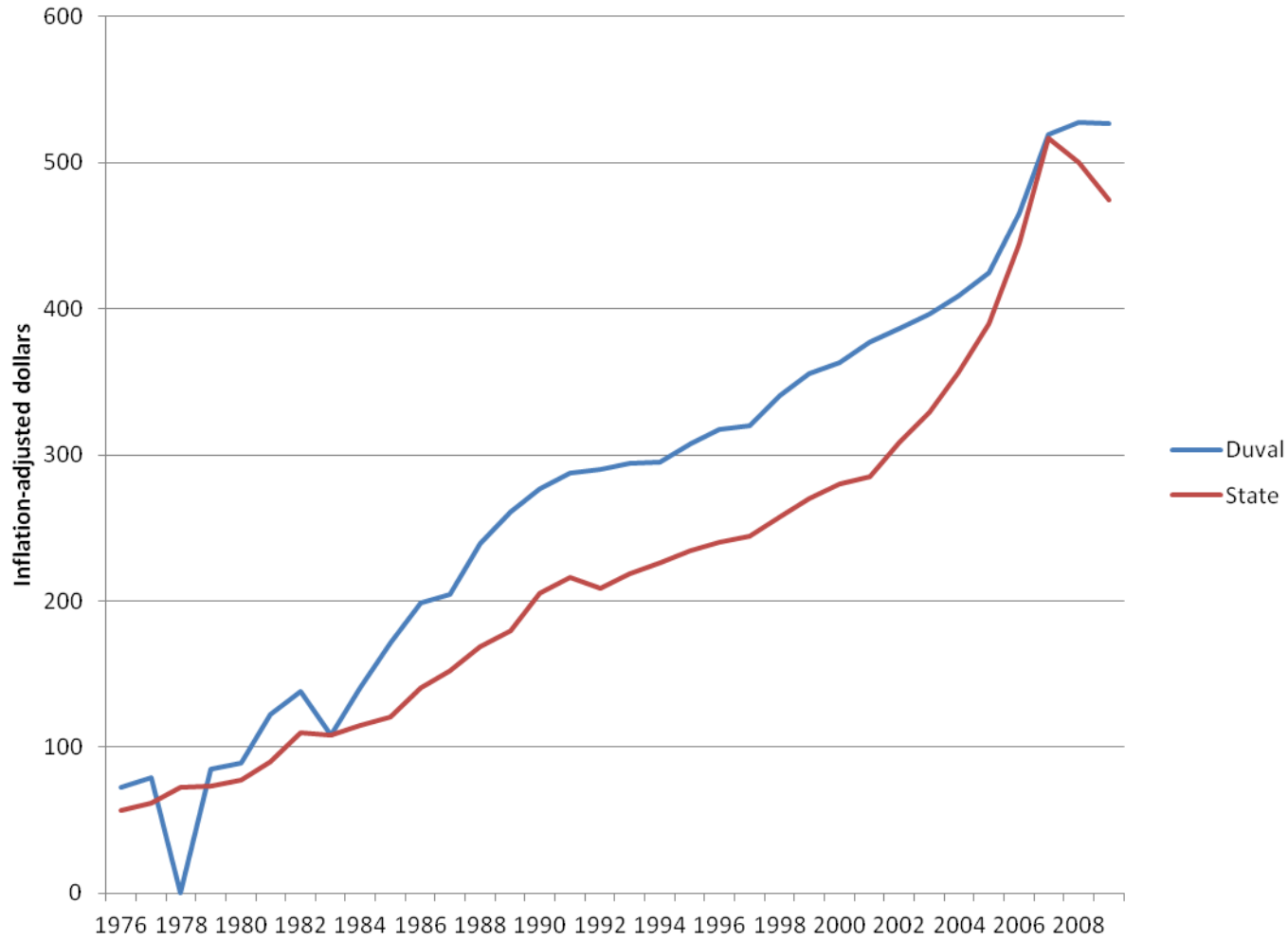
## General Revenue per Capita



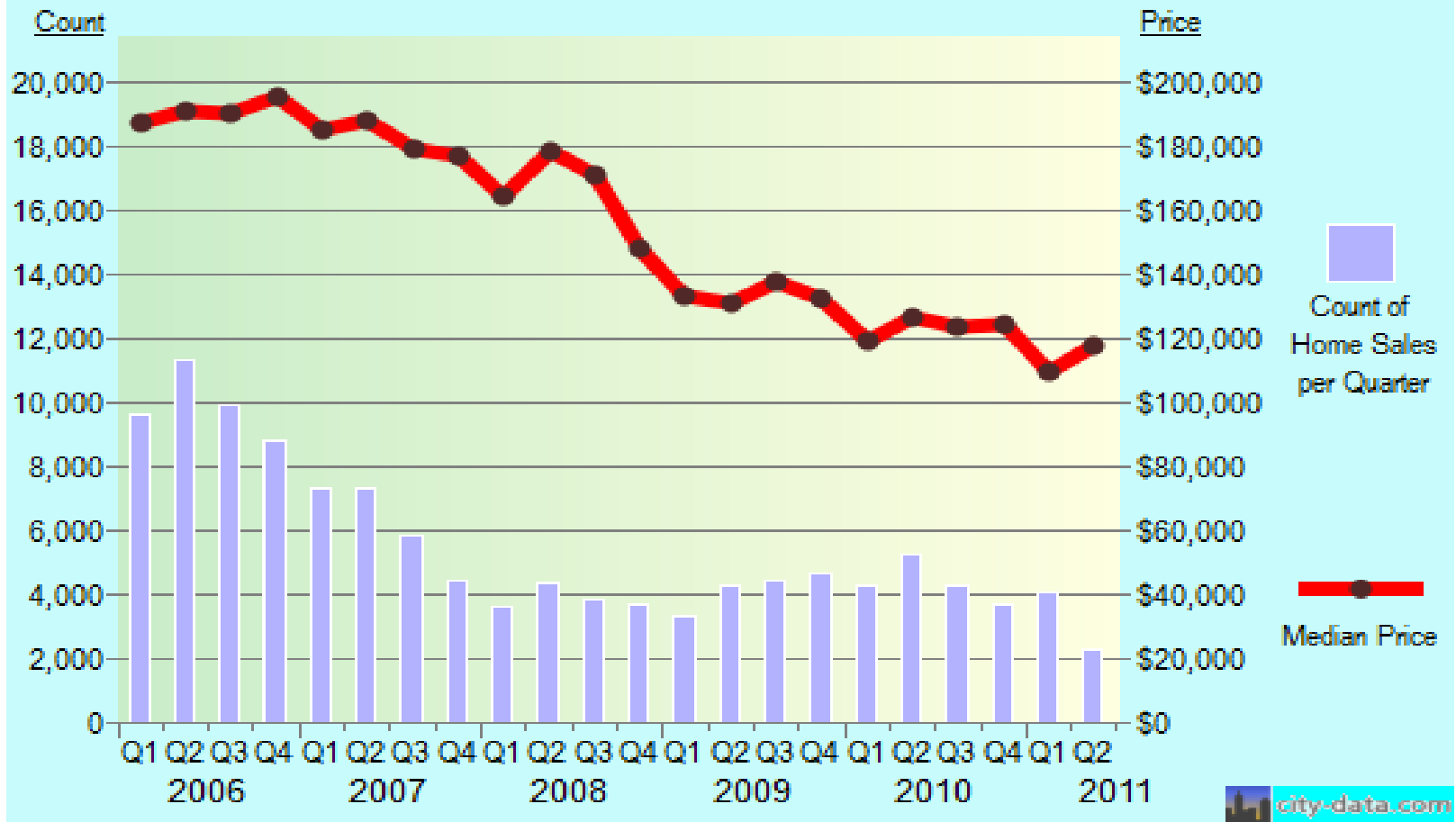
**Figure 1: General Revenue  
Per Capita 1976-2009**



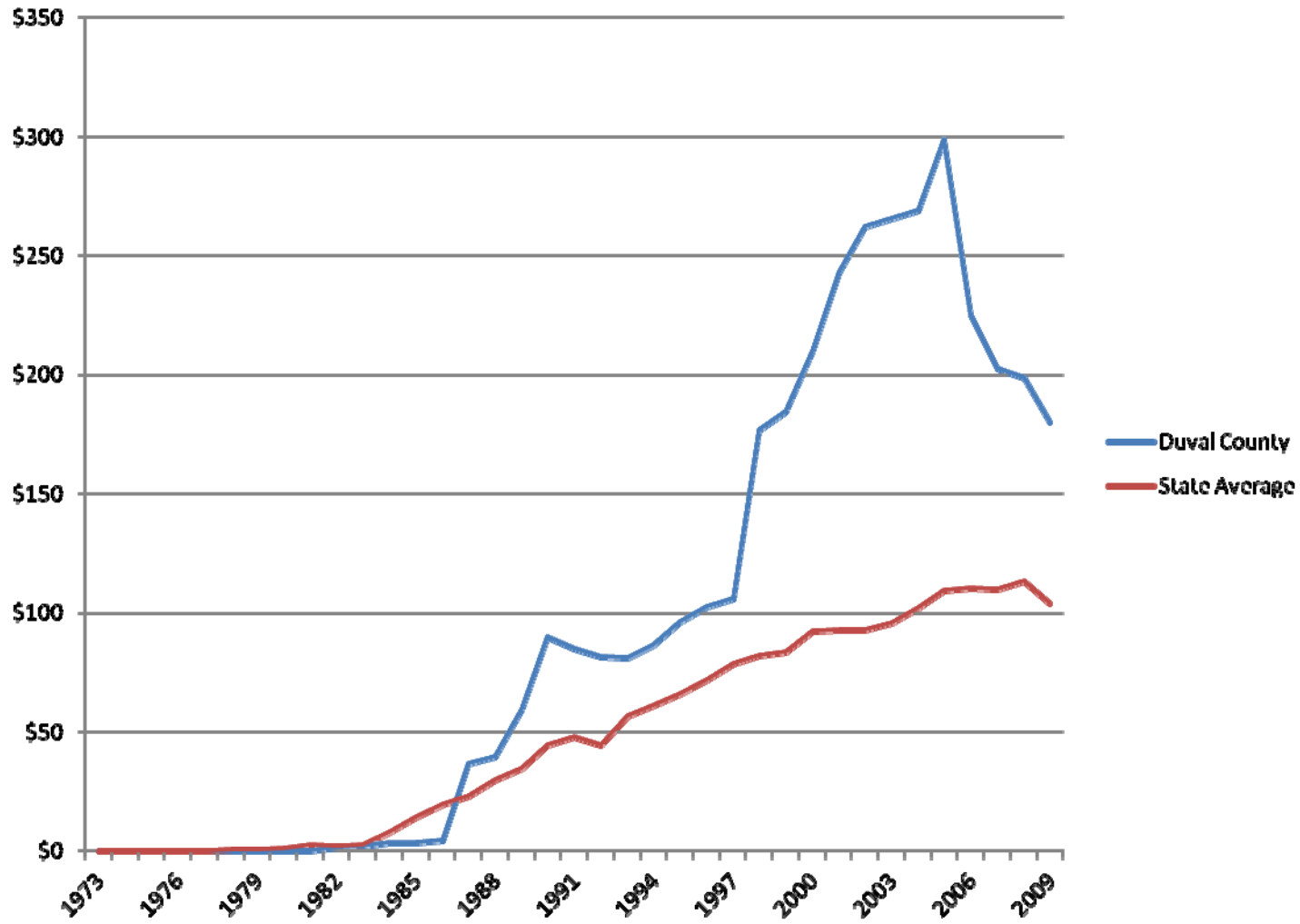
**Figure 3: Property Tax Per Capita  
1976-2009**



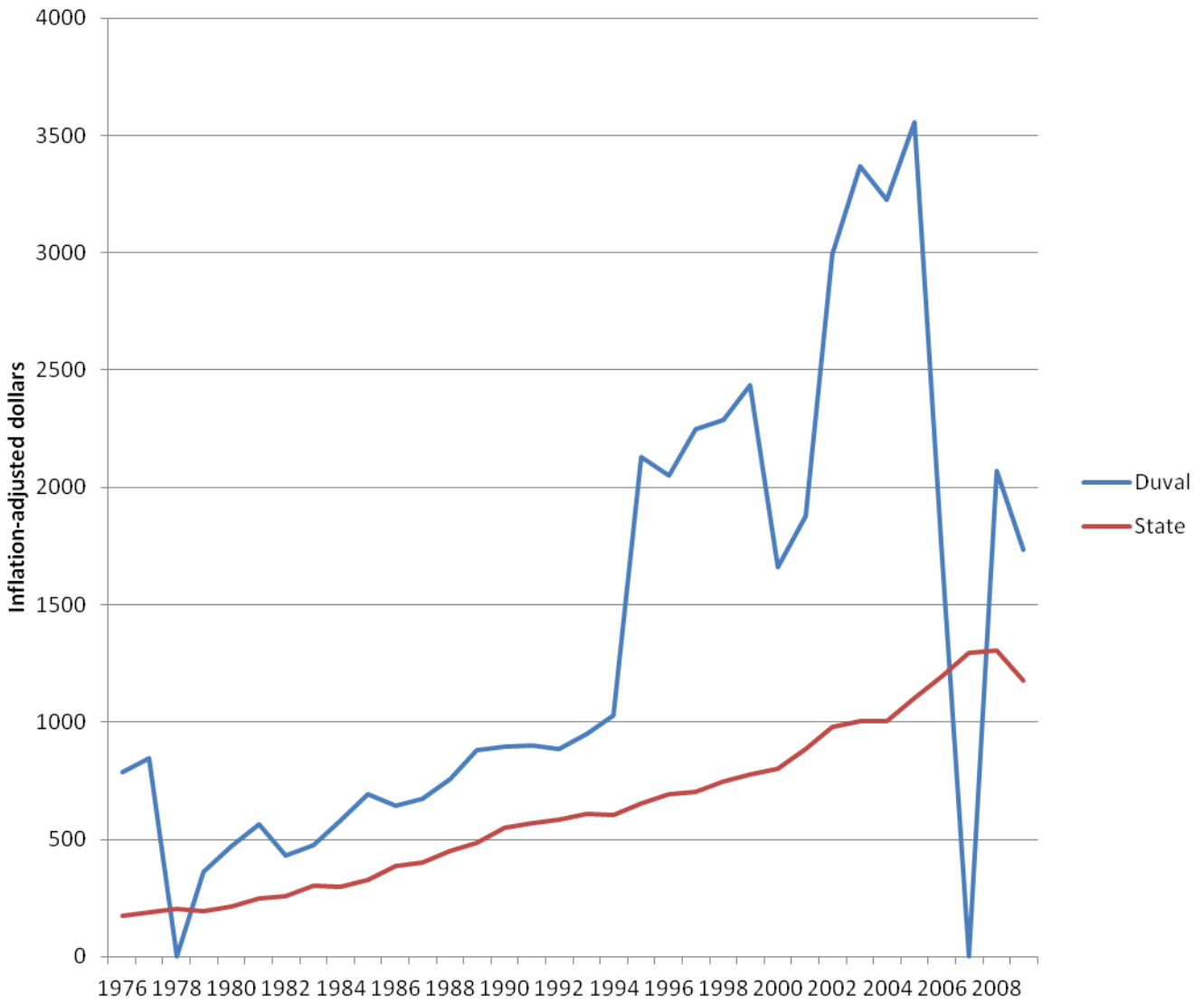
## Home Sales in Duval County, FL



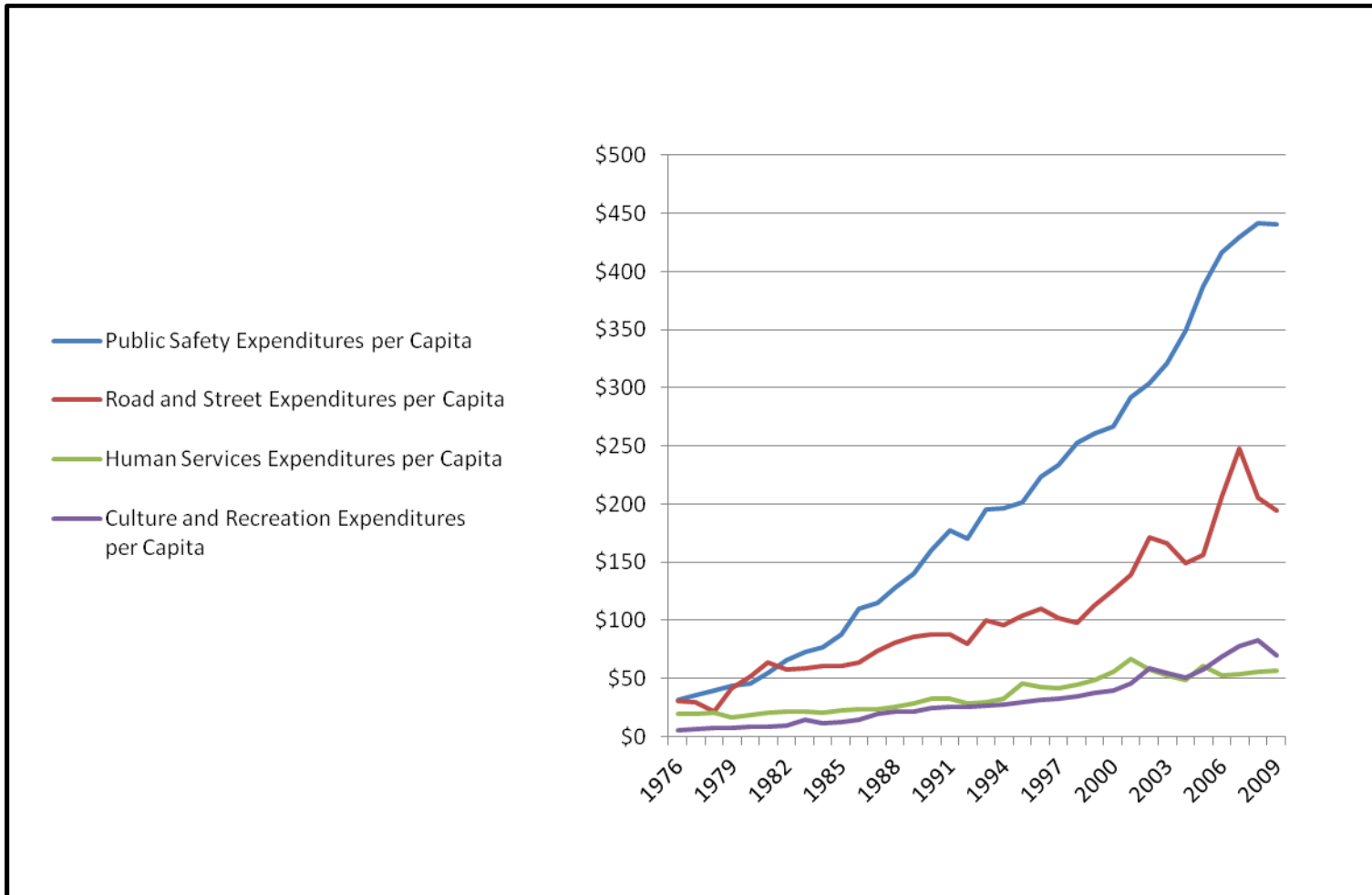
## Sales, Use, and Fuel Tax per Capita 1973-2009



# Total Expenditures per capita

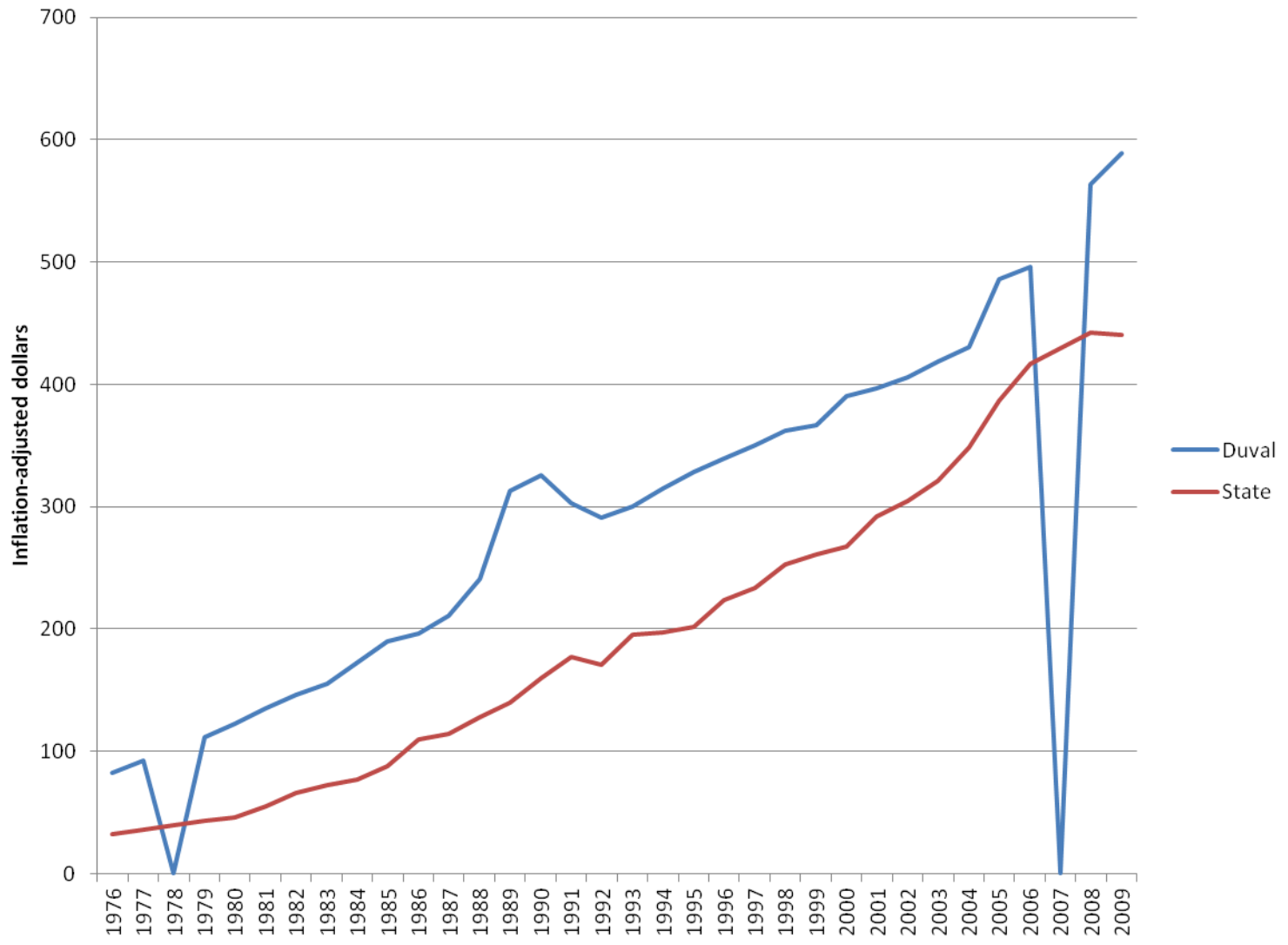


## Per Capita Expenditures for Select Expenditure Categories, 1976-2009

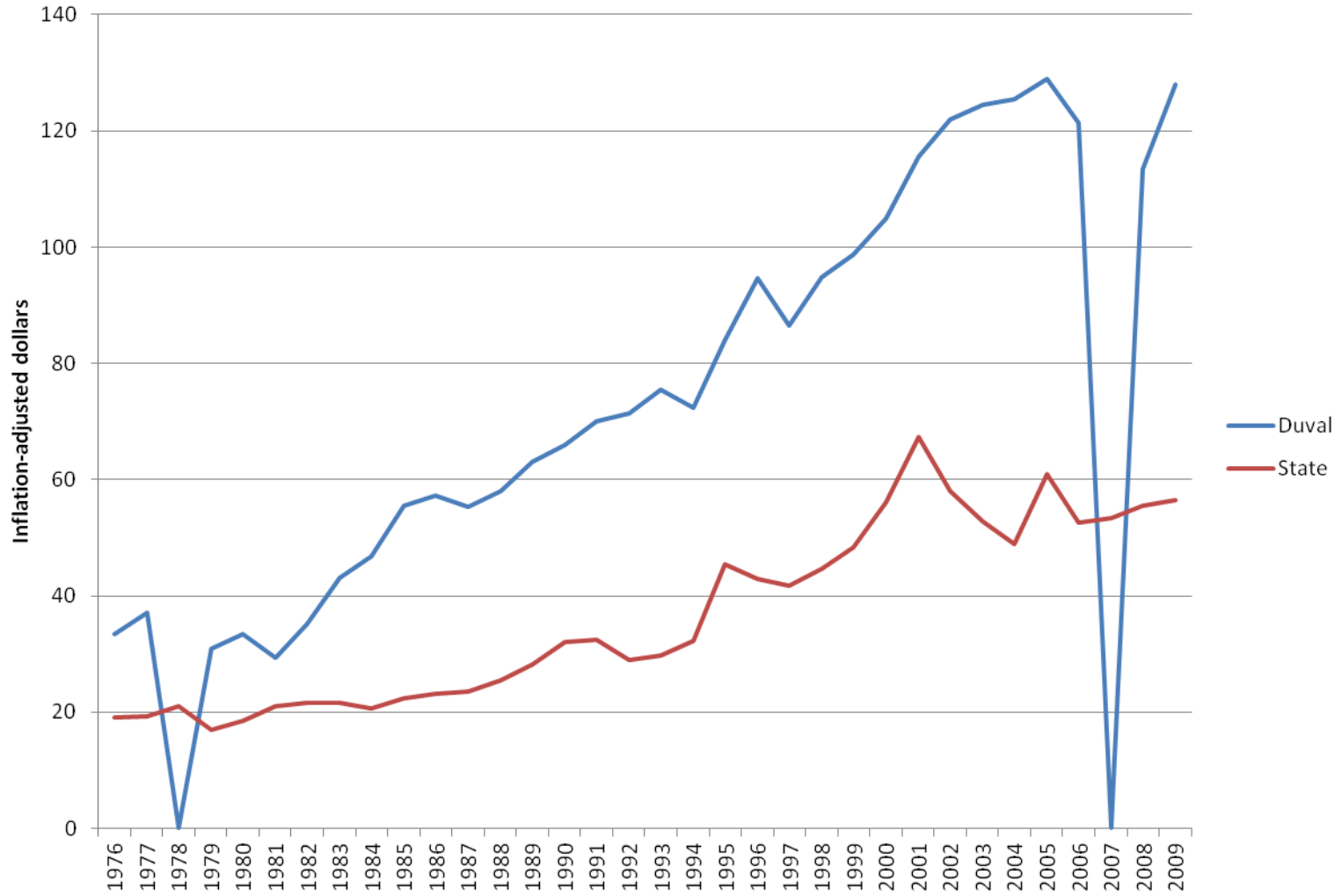




# Public Safety Spending per capita



## Human Services Spending per capita



# **MUNICIPAL PENSION PLANS**

# Pension Plan Grades

TABLE 1: GRADING SUMMARY

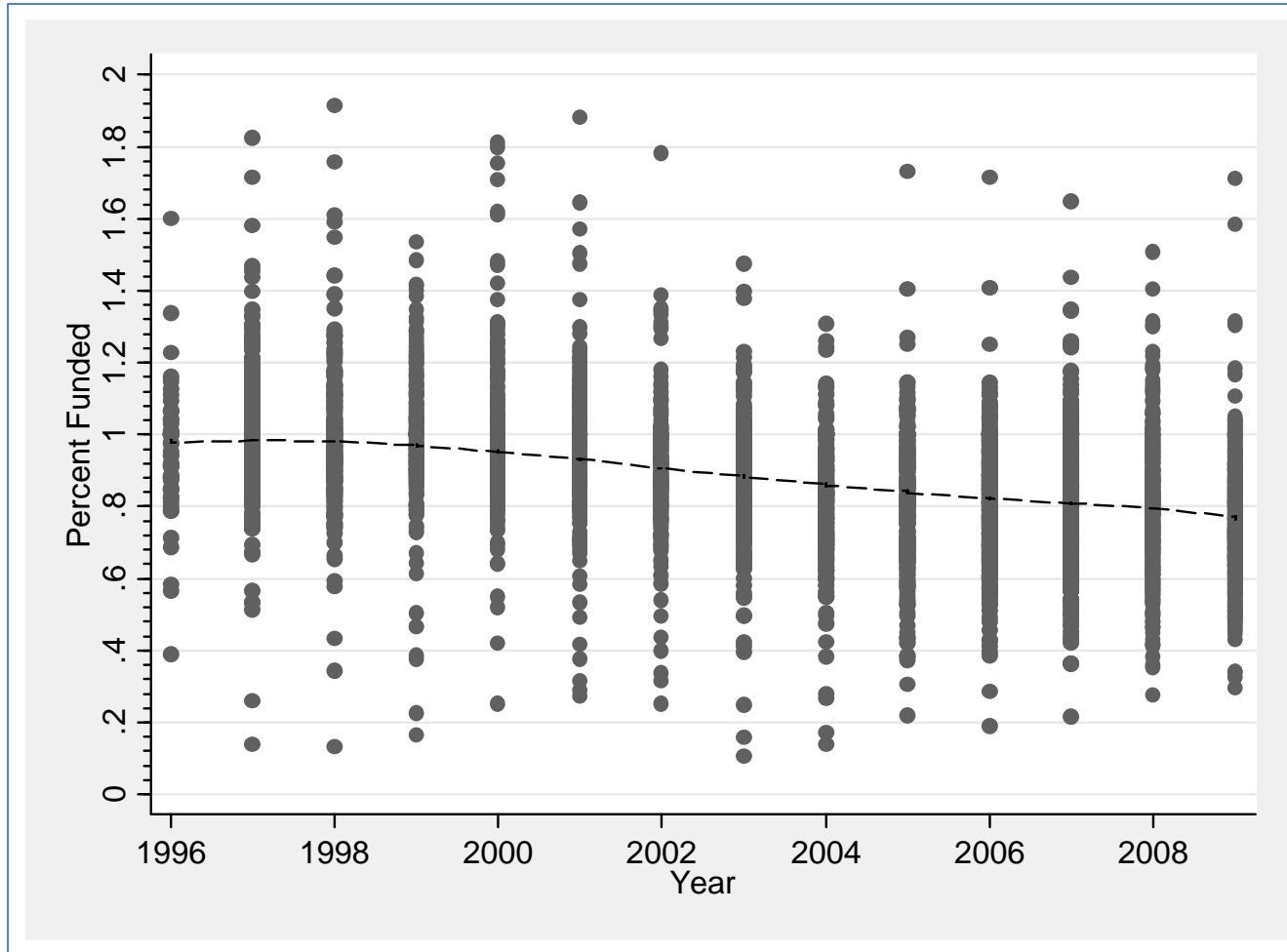
GRADE	PERCENT FUNDED	NUMBER OF CITIES RECEIVING	PERCENTAGE OF CITIES RECEIVING
A	More than 90% funded	30	14%
B	80 to 90% funded	48	23%
C	70 to 80% funded	63	30%
D	60 to 70% funded	36	17%
F	Less than 60% funded	31	15%

# Jacksonville's Plans

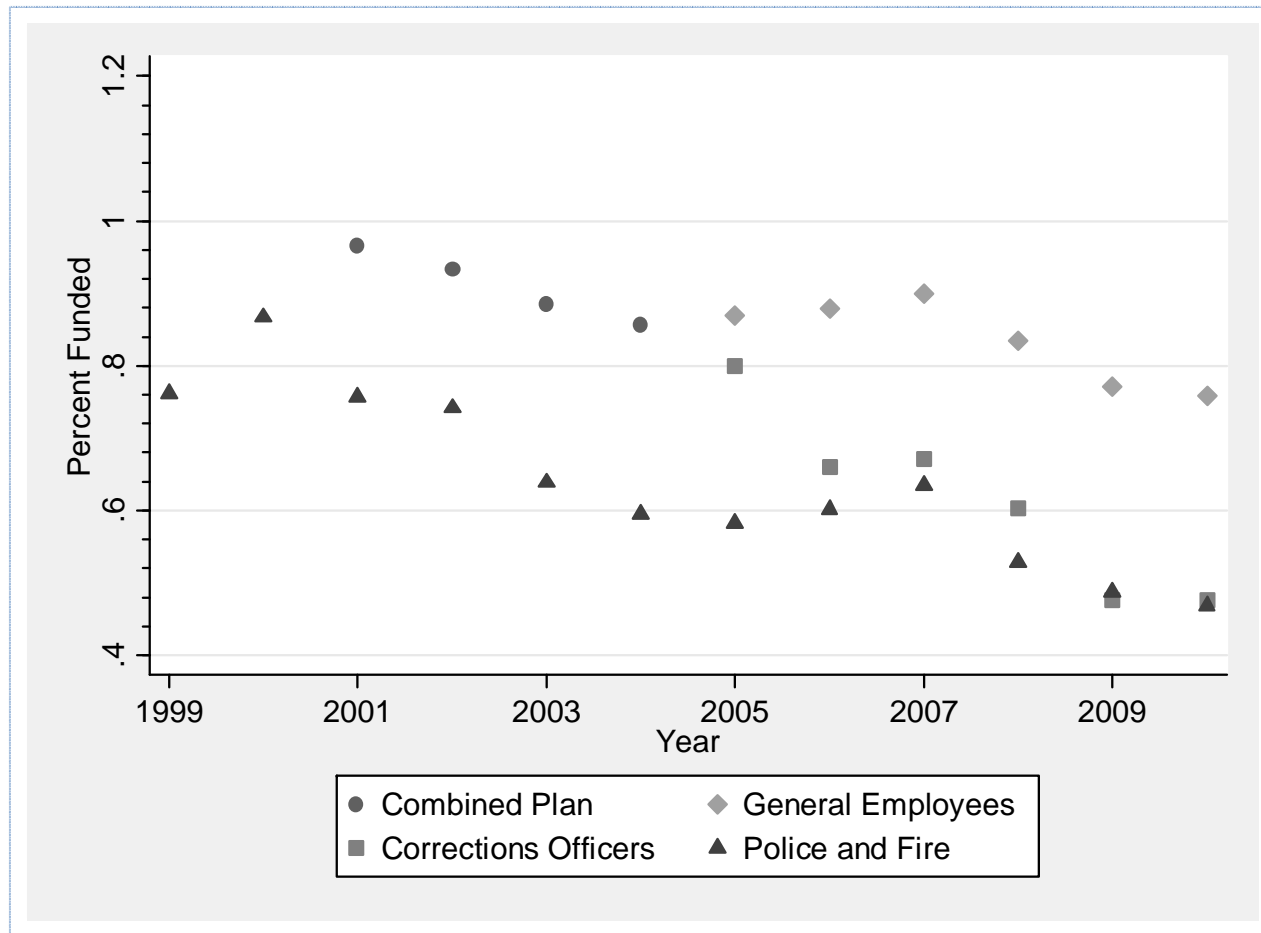
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<b>City Name</b>	<b>Plan Name</b>	<b>Participant Type</b>	<b>Date</b>	<b>Grade</b>	<b>Annual Cost per Participant</b>
<b>Jacksonville</b>	City of Jacksonville Retirement System (General)	General Only	2009	C	\$5,725
<b>Jacksonville</b>	City of Jacksonville Retirement System (Correction Officers)	Correctional Officers	2009	F	\$9,526
<b>Jacksonville</b>	Police and Fire Pension Plan	Police and Fire	2009	F	\$26,323

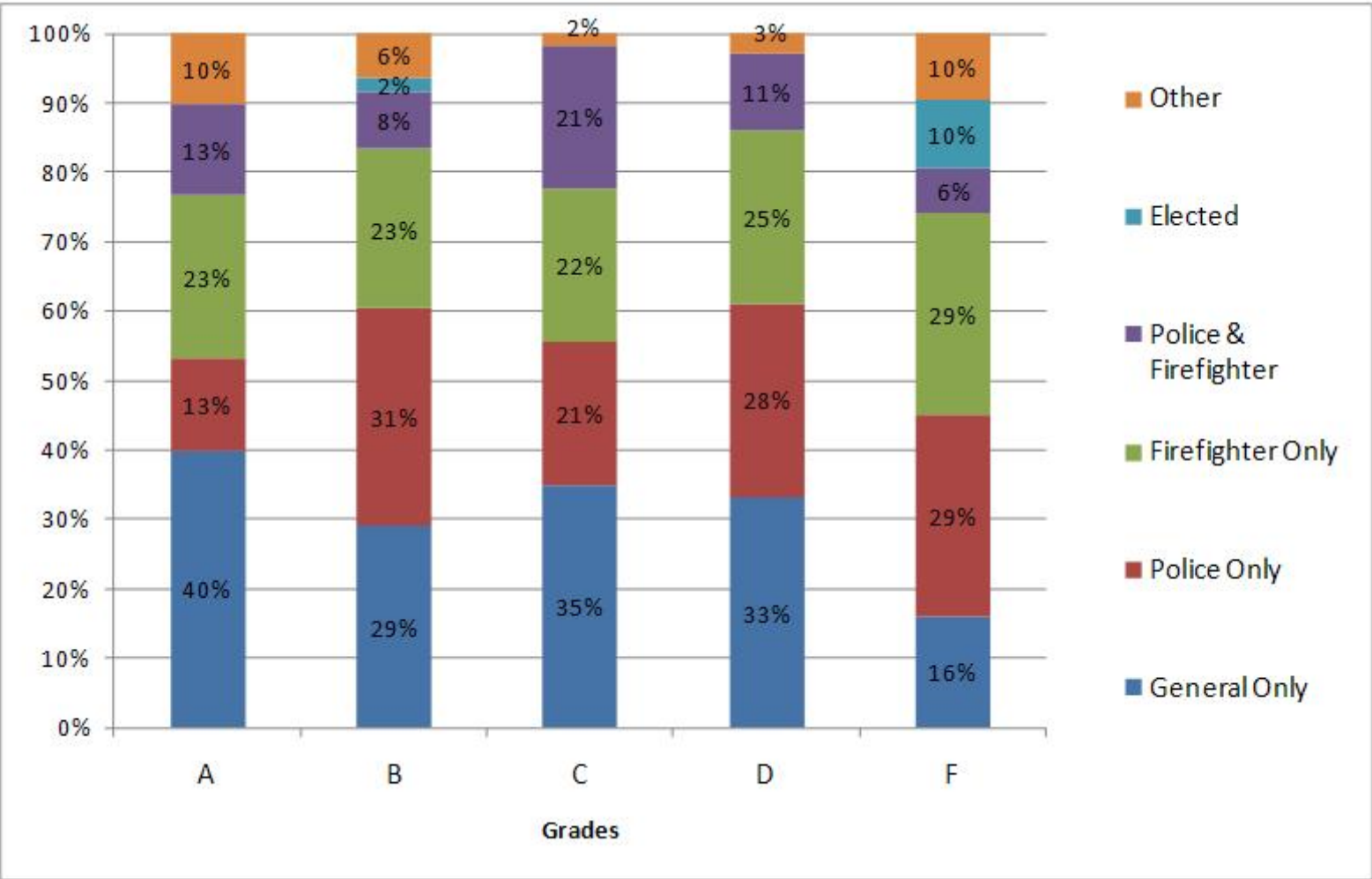
# Trends in Pension Funding



# Trends in Jacksonville-Duval



# Grades & Participant Type





# Plan Costs by Grades

TABLE 4: ANNUAL COSTS OF PLANS BY GRADE

GRADE	MEDIAN COST PER PARTICIPANT
A	\$ 5,784
B	\$ 12,666
C	\$ 12,410
D	\$ 18,886
F	\$ 26,305

# Plan Costs by Participant Type

TABLE 5: ANNUAL COSTS OF PLANS BY PARTICIPANT

	MEDIAN COST PER PARTICIPANT
Elected Officials	\$ 50,773
Police & Firefighters	\$ 21,738
Firefighters Only	\$ 17,819
Police Only	\$ 15,245
General Only	\$ 9,297

# **COUNTY AND CITY OPEB PLANS**

# The OPEB Concept

- Other Post-Employment Benefits
  - Retirement insurance subsidies (primarily healthcare)
- Explicit and Implicit Benefits
- Actuarial Liabilities
  - Benefit policies (qualifications & subsidy calculation)
  - Actuarial method
  - Assumptions (e.g., discount rate, payroll trends, trends in healthcare costs)

# Accounting Standards

- Governmental Accounting Standards Board (GASB)
- Statements No. 43 & 45
- Timeline:
  - Exposure Drafts in 1989, 2003 & 2004
  - Statements issued in 2004
  - Implemented in three phases (~FY's 2008 – 2010)

# Research Questions

- What did governments do?
  - Funding decisions
  - Benefits decisions
- Why did they do it?
  - Principal-agent perspective
    - Monitoring response
    - Signaling response
  - Institutional perspective
    - Institutional isomorphism

# Data

- Florida Local Governments
  - All 67 Counties
  - Largest 100 Cities (populations > 20,000)
- Comprehensive Annual Financial Reports
  - Fiscal years 2008 – 2010
  - Basic Financial Statements
  - Notes to the Financial Statements
  - Required Supplemental Information

# Summary Information

- Annual OPEB obligation share of total government expenditures, on average:
  - 2.7% in Cities
  - 3.1% in Counties
- Significant variation in liabilities and costs
  - Explicit v. Implicit benefits (FY2010)
    - Cities & Counties: 44% explicit
    - Cities: 37% explicit
    - Counties: 55% explicit



# What did governments do?

## Increase Benefits?

YEAR	2003	2004	2005	2006	2007	2008	2009	2010	Total
Implicit to Explicit		1					1		2
Increase Benefits			1			1	1	1	4

# What did governments do?

## Decrease Benefits

YEAR	2003	2004	2005	2006	2007	2008	2009	2010	Total
More Restrictive Qualifications		1							1
Reduce Defined Value			1						1
Switch from Percent to Defined Value	1	1		1		1			4
Reduce Percentage			1	1			1	1	4
Fix Benefit at Current Level						1	1	2	4
DB to DC for new hires				1					1
Explicit to Implicit			5	2		1	5		13
Plan Reduction Totals	1	2	7	5	0	3	7	3	29

# What did governments do?

- Fund the Liability
  - Explicit Benefits (n=67)
    - Pay-as-you-go = 45
    - Prefund (Non-GAAP qualified) = 4
    - Prefund (GAAP qualified) = 18
  - Implicit Benefits (n=83)
    - Pay-as-you-go = 76
    - Prefund (Non-GAAP qualified) = 2
    - Prefund (GAAP qualified) = 5

# What did governments do?

- Explicit Benefits, FY2010

		Policy Change	
		No	Yes
Prefund Liability	No	n = 25 Liability = \$24.5 million Liability Per Cap = \$102 ARC/Payroll = \$.04 Funded = 0%	n = 24 Liability = \$28.4 million Liability Per Cap = \$272 ARC/Payroll = \$.06 Funded = 0%
	Yes	n = 7 Liability = \$14.2 million Liability Per Cap = \$68 ARC/Payroll = \$.01 Funded = 16%	n = 11 Liability = \$81.9 million Liability Per Cap = \$505 ARC/Payroll = \$.10 Funded = 12%

*GAAP recognized, median-values reported*

# What did governments do?

- Implicit Benefits, FY2010

		Policy Change	
		No	Yes
Prefund Liability	No	n = 78 Liability = \$3.3 million Liability Per Cap = \$57 ARC/Payroll = \$.02 Funded = 0%	n = 0
	Yes	n = 5 Liability = \$0.5 million Liability Per Cap = \$9 ARC/Payroll = \$.01 Funded = 105%	n = 0

*GAAP recognized, median-values reported*