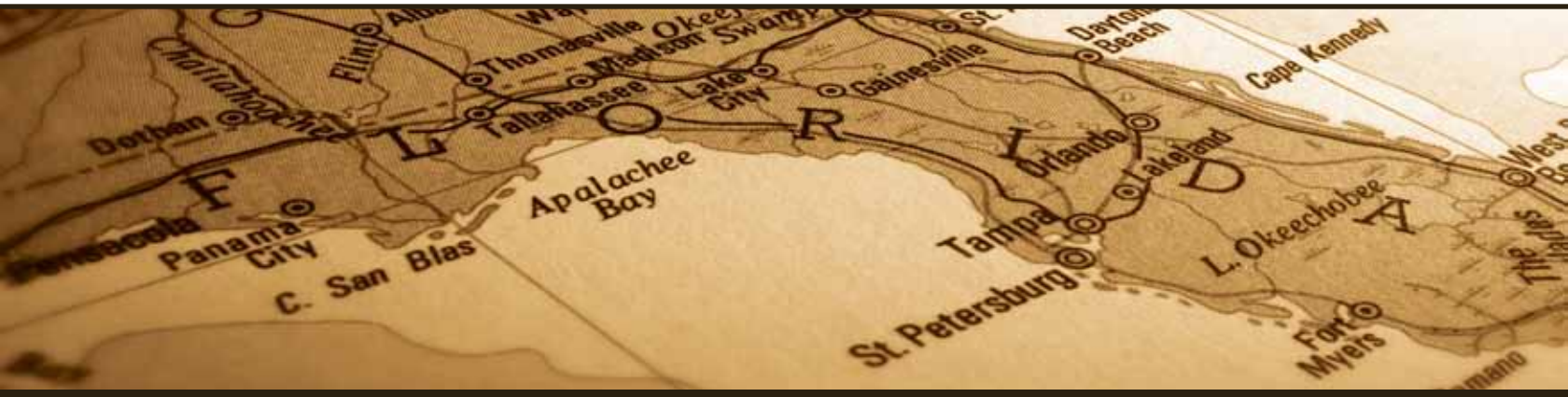
TOUGH CHOICES

FACING FLORIDA'S GOVERNMENTS



Trouble Ahead: Florida Local Governments and Retirement Obligations

The current recession plaguing Florida and other states has revealed an unexpected and unwanted fiscal reality: many of our local governments have promised more in retirement benefits to their employees than is fiscally prudent. The result is potentially a ticking time bomb for Florida citizens unless the state and localities act to recognize and alleviate obligations they cannot afford to keep.

Some apparent abuses have been recognized. For example, a task force in West Palm Beach looking at the pensions provided to the city's police and fire retirees found that these pensions will increase 61 percent over the next five years. Perhaps more astounding to these citizens was that the city will be paying more to ex-police officers and firefighters than to current ones. [1] Fueling the fire, a number of contractual retirement agreements are resulting in what some Floridians are calling excessive and unnecessary benefits, touting examples of public employees retiring at age 55 with inflated six-digit salaries and fully-subsidized healthcare coverage.

According to the Florida League of Cities, cities as different as Miami and Pembroke Pines, St. Petersburg and Hollywood are seeing their retirement costs exceed 50 percent of their payrolls. [2] One study of the 50 largest cities nationwide estimated that their total unfunded obligation totaled over $14,000 per local household. [3] At issue are promises of both pensions and health care benefits to retirees.

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The situation is exacerbated in Florida and elsewhere by the falling investment markets. Just as citizens have seen their savings and other investments fall dramatically over the past five years, so has the value of local governmental retirement funds. And because retirement investment values are no longer providing significant returns, the promises localities have made to their retirees must be funded by local revenues — in competition with longstanding services such as public health, roads, criminal justice and land use. Alternatively, local governments are simply not adequately funding their obligations.

Traditionally, public sector employees have traded off higher salaries for more generous benefits. But is this an economically beneficial exchange? And what are the unintended consequences of this negotiation? [4] Florida law generally protects public employee retirement benefits — essentially putting Florida taxpayers on the hook for these promises no matter the current economic circumstance. Finally, a rather obscure state law encourages cities to provide more generous benefits to public safety employees by making state funds available for funding pension plans provided that cities increase their pension benefits, rather than using the funds to maintain current benefit levels.

If action is not taken now to change these often law-bound pension promises, fundamental services could be put in jeopardy as cities and counties will be forced to fund contractual retirement obligations that research shows are substantial and increasing. For example, **the average annual retirement obligations for Florida cities in 2009 accounted for 8.3 percent of local governmental expenditures. Florida counties saw a staggering 8.1 percent of their total government expenditures being dedicated to predetermined public retirement promises.**

There is a common phrase among Florida policymakers and close observers that "at least we're not California." Indeed, California's overall budgetary problems including its retirement obligations are enormous. However, Florida has been served a warning. Our state's local retirement systems are headed in the same direction as California's failed retirement policies. **It is clear; Florida must work to alter its course.**

Faced with these looming issues, the LeRoy Collins Institute initiated this research series, *Tough Choices: Facing Florida's Governments* to analyze the problems in Florida's local government retirement systems. This report, *Trouble Ahead* is part of a long-term investigation of state and local governance and examines two forms of retirement benefits in Florida's counties and cities: (1) pensions and (2) retirement subsidies for healthcare and insurance policies, so-called other post-employment benefits or OPEBs. Funding from the Jessie Ball duPont Fund in Jacksonville made this work possible.

This initial research also identifies recommendations made by the Institute's bi-partisan board of engaged citizens and policymakers in their pursuit to help alleviate some of the challenges faced by lawmakers in changing the current system. [5] These recommendations call for making changes in retirement benefit packages, better management of the retirement accounts, improved state oversight, and more transparency.

PENSION CONTRIBUTIONS BY THE NUMBERS

In fiscal year (FY) 2009, Florida county pension contributions averaged more than $21 million (see Figure 1) and accounted for nearly five percent of their total governmental expenditures (see Figure 2). In other words, for every dollar of governmental expenditures counties spent, nearly

five cents was needed to cover their required pension contributions. This is a sharp uptick from contributions made only six years earlier of nearly $12 million or 3.5 cents on every dollar. **This represents a 75 percent increase in total pension costs and a 42 percent increase in the pension share of governmental expenditures.**

Similarly, a review of a representative sample of 50 Florida cities [6] found that pension contributions averaged $2.28 million and accounted for more than 5.6 percent of governmental expenditures. Six years prior, average pension contributions totaled $800,000 and comprised 4.2 percent of governmental expenditures.

Figure 1. Total Pension Contributions

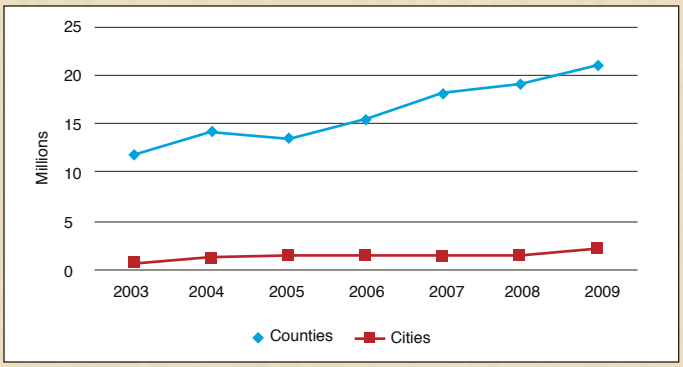
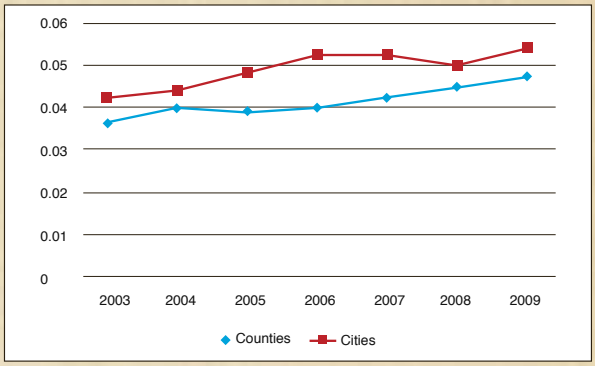


Figure 2. Total Pension Contributions as a Proportion of Total Governmental Expenditures



However, the situation is not uniform across the state. During FY 2009, select counties contributed nearly seven percent of their total governmental expenditures to pensions while others contributed closer to 2.5 percent. Looking at the city level, significant variation is more often found. In FY 2009, the sample group of cities had pension contributions ranging between one and 20 percent of total governmental expenditures.

What explains the substantial variation in city pension contributions, especially compared to the relatively small contribution in county government? Put simply, required contributions increase as retirement benefits become more generous, as more employees are hired, and as the unfunded portion of a government's pension fund grows.

All counties and school systems, as well as most state employees, are required to participate in the Florida Retirement System (FRS). Management, oversight and policy direction of the FRS are established at the state level. Benefit levels and contribution rates are essentially uniform. The primary sources of variation in pension costs across Florida counties are the salary levels of employees and the types of employees (e.g., counties must contribute a larger share of a public safety employee's salary to FRS than of a general employee's salary). This uniformity in pension plans and contribution rates greatly reduces the variation in pension costs among counties.

On the other hand, most cities and special districts are not actively engaged in the FRS. Approximately 150 cities out of more than 400 participate to some level in FRS. Most cities and special districts establish their own pension programs (most have at least two separate programs covering different employees). These pension plans are independently negotiated, often as a function of collective bargaining. The funding of municipal pension programs is overseen by the Department of Management Services of Florida (DMS), which reviews actuarial reports every three years to ensure that the funding of these programs is actuarially sound. This system leads to considerable variation in cities' pension programs.

COMPLICATING THE MATTER: OTHER POST-EMPLOYMENT BENEFITS

While much attention has been focused on local pension plans, there is another retirement area that is equally important – other post-employment benefits (OPEBS) or health care benefits. Under state law, local governments must provide what is known as implicit health benefits. Cities and counties must offer their retirees the ability to purchase healthcare at the cost of the premium required of working employees. By "buying" into the bigger (and younger) pool of workers, the retirees get a substantial discount from buying insurance on the individual market. Of course, this is a disadvantage to the regular workers and the local governments since rates with retirees are higher than without. In addition, some cities provide explicit benefits – where the government pays a portion of the costs of insurance for the retired workers.

In fiscal year 2009, a typical Florida county had an average outstanding liability for non-pension retirement benefits of nearly $30 million. On average, counties needed to contribute $3.5 million in order to cover the non-pension benefits earned in 2009. Few counties contributed any resources toward the outstanding portion their OPEB liability—differing those costs to future taxpayers. If the average county were to cover its entire unfunded OPEB liability in 2009, its OPEB contribution would represent 3.1 percent of its total governmental expenditures in that year.

However on average, counties only cover 40 percent of their contributions since that percentage represents the amount that was required to pay the county portion of health insurance premiums during that particular fiscal year. The remaining 60 percent that is not contributed represents the portion that was required to be set aside as a resource to pay for healthcare benefits that have already been earned by employees. This means for most counties, the unfunded portion of their obligation continues to grow.

As far as non-pension benefits, Florida cities are slightly better off than counties. We reviewed a sample of the 100 largest cities in Florida and found the typical large city to have an outstanding OPEB liability of $7.5 million, with a required contribution of nearly $1 million in fiscal year 2009. If cities were to fully fund their annual contribution, it would comprise approximately 2.7 percent of their total governmental expenditures. However, on average, these large cities funded just 31 percent of their contribution in 2009.

Table 1. The Six Highest and Lowest Unfunded OPEB Obligations as a Percentage of Covered Payroll in 2009 and of Total Governmental Expenditures in the Largest 100 Florida Cities

City Name	Unfunded Obligation as a Percentage of Covered Payroll	Unfunded Obligation as a Percentage of Total Governmental Expenditures
Six Highest		
Bradenton	476%	240%
Hollywood	432%	174%
Hialeah	380%	153%
Miami	256%	60%
Cape Coral	246%	83%
Titusville	221%	106%

City Name	Unfunded Obligation as a Percentage of Covered Payroll	Unfunded Obligation as a Percentage of Total Governmental Expenditures
Six Lowest		
Coral Springs	3.3%	2.1%
Royal Palm Beach	3.2%	0.5%
Lauderhill	2.6%	0.6%
Palm Coast	2.2%	0.5%
Cutler Bay	1.8%	0.1%
Wellington	(1.7)%	1.1%

STAGES TO EXAMINE PUBLIC RETIREMENT BENEFIT SYSTEM

Several issues are key in examining the public retirement benefit system. These issues might be viewed as stages:

Stage One: The provision of benefits by local governments.

Cities and counties negotiate benefits for their various plans through collective bargaining as described and managed by state law. These negotiations involve input from politically powerful public employee interest groups, as well as elected officials who understand the voting behavior of such groups. For certain employee groups represented by unions, this involves collective bargaining with local officials. These decisions determine the details of pension and healthcare obligations including how the benefits will be calculated (i.e. what is the 'base' salary, what is the multiplier that determines the benefit, and when can an employee retire). Legislative grants of benefits to public safety employees further compound the challenges and opportunities available to municipal and special district pensions.

Stage Two: The collection and management of the money used to pay for those benefits.

In Florida, as directed by state law, pension funds are administered and managed by local pension boards. These boards make decisions on investment strategies and on the assumptions used to calculate the value of pension obligations and assets (i.e., the projected rate of investment returns or discount rate). There is no requirement for similar governance of OPEB funds. Furthermore, most cities have multiple retirement programs including separate plans for firefighters, police officers, elected officials, and other employees. Within those plans, certain special-risk categories exist (often provided in state law). For example, the City of Miami has three pension boards: one to administer a pension program for police and firefighters; another to administer three different pension plans for general employees and sanitation workers, and a third pension board that administers a pension plan for elected officials.

Stage Three: The oversight of pension and OPEB obligations.

As stated before, OPEB obligations are not reported to or evaluated by any state agency.

Additionally, Florida state law (Chapters 175 & 185, Florida Statutes) allows certain insurance premium taxes to be used by local governments to enhance pension benefits of police and firefighters. Passed in 1999, the

law mandates that the premium dollars in excess of base amount can only be used to provide new or extra pension benefits to police officers or firefighters. These dollars can only be used for additional benefits—thus providing a substantial incentive for cities to add benefits annually for police and firefighters or risk losing state dollars. The situation becomes difficult in tough economic times when employees see their benefits increase and other employees do not. **The Florida League of Cities (FLC) estimates this provision has created more than $400 million in new or extra pension benefits to these groups over the past decade.** [7]

A TALE OF TWO CITIES: ONE SIZE DOESN'T FIT ALL

One of the most common concerns local government officials have about possible statewide changes to local retirement systems is that "one size doesn't fit all." This is because each city has its own way of organizing their retirement benefit plans to meet the needs of their employee obligations.

To illustrate this complexity, Table 2 presents a summary view of the retirement systems in two real Florida cities. Both cities have roughly the same population size, but their retirement systems are very different. City 1 provides a defined-benefit program for their police and a defined-contribution program for its general employees. City 1 is also largely current on its pension obligations, but has not put aside any money to cover its OPEB obligation. City 2 operates defined-benefit programs for its firefighters and police officers. These pension programs are underfunded, especially the firefighter plan. City 2's general employees participate in FRS.

However, they both have a significant OPEB obligation that is unfunded The bottom line is that two very similar cities have made different choices for their employees and the result is that City 2's obligations to its retirees are higher than those of City 1. For policymakers, this is a challenge. Cities want the ability to make these choices but they must understand the consequences and be prepared to adequately fund them. If the state is tempted to provide more regulation, capturing these myriad factors could be daunting. This example stresses the significance of transparency in reporting methods for each city and county.

Table 2. Two Example Cities	**City 1**	**City 2**
Population	Approx. 20,000	Approx. 20,000
Number of Single-Employer Pension Plans	2 (Police & Shared)	2 (Police & Firefighters)
Single-Employer Pension Plans (Percent Funded)	90 percent (Police)	80 percent (Police) 54 percent (Fire)
Participates in FRS pension plan	No	Yes
Defined-Contribution Plan	1 (General Employees)	None
OPEB Plan	1 (All Employees)	1 (All Employees)
OPEB Plan (Percent Funded)	0 percent	0 percent
FY2009 Costs (approximate)		
Employer's Single-Employer Pension Contribution	$650,000	$1,395,000
Employer's FRS Contribution	$0	$1,400,000
State's Insurance Premium Contribution	$140,000	$438,000
Employer's Defined-Contribution	$150,000	$0
Employer's OPEB	$140,000	$5,750,000
TOTAL COST	$1,093,000	$8,973,000

LEROY COLLINS INSTITUTE'S POLICY RECOMMENDATIONS

Clearly, there are tough choices ahead for local and state policymakers wishing to alleviate these current and looming problems. The issues are complicated. The problems are more easily defined than the solutions. In recognition of this complexity, the LeRoy Collins Institute has provided seven initial recommendations to help create solutions to the numerous problems in pension and OPEB management outlined in this report. We recognize that these recommendations are not the final answer, but feel that they are a beginning for a state dialogue on an issue that will not be easily or quickly resolved.

1 RAISE RETIREMENT BENEFIT RECIPIENT AGE: The minimum age before a retiree qualifies for benefits should be gradually raised. A reasonable age to begin receiving benefits could be approximately 60.

Public employee benefits can often be seen as more generous for the following reasons: (1) early retirement options after a relatively low standard of numbers of years in service, (2) the transferability of retirement benefits to spouses and dependents, and (3) the 'double-dipping' concept where public employees can often return to work and qualify for additional retirement benefits. Provisions that make it easier for employees to qualify for and begin claiming their retirement benefits increase the number of qualified beneficiaries and thereby add to the cost of retirement programs. Allowing local governmental employees to retire and draw benefits at relatively young ages is an unnecessary cost to cash-strapped cities.

However, if requirements are made more stringent, governments may be less able to attract and retain skilled workers since incentives are a major component of their recruitment efforts.

Other options:

- Gradually raise the minimal vesting period
- Reduce the transferability of retirement benefits to spouses and dependents
- Prohibit 'double-dipping' of retirees who have already qualified for retirement benefits from qualifying for additional retirement benefits

2 STABILIZE RETIREMENT CONTRIBUTIONS: Cities should set a minimum contribution rate to ensure minimal contribution levels during good years and reduce the need to significantly increase contributions during periods of fiscal stress.

A government's annual retirement obligation is greatly reduced during good economic times, but during tough economic times few governments have prepared for the funding gap resulting from a down market. Implementing a counter-cyclical strategy would improve a government's ability to fund its retirement contributions during difficult economic times without taking resources from other government services.

However, during good economic times, counter-cyclical strategies (i.e., the over-funding of retirement obligations) could limit government control of budgetary resources and require taxation higher than generally perceived necessary.

Another option:

- Assume a more "conservative" discount rate (also known as the expected rate of return on investments). This would require governments to contribute more money into their retirement funds because they would expect those funds to grow at a reduced rate.

3 REVIEW AND AMEND BENEFIT CALCULATION METHODS: Localities should not include overtime or additional earnings/bonus pay in the base salary used to calculate pension benefits.

Any inquiry into local pension costs must consider the generosity of the pension benefits. For example, sometimes police and firefighters can artificially inflate their salaries eligible for pension by accumulating considerable overtime in their final years of service. This practice is sometimes called, "pension spiking."

Another important component is the multiplier that often determines the pension benefit. Special-risk employees often have wage multipliers that are much higher than the multipliers for general employees. Lowering the base salary and multiplier can greatly reduce pension costs. Yet, public officials have often granted increasingly generous pension benefits to their employees. Those deferred costs now represent significant obligations that may require significant tax increases and/or service reductions.

However, governments are obligated to ensure a secure retirement for their employees. Benefits are earned rewards for public service, especially public safety employees. There are also potential legal issues involved as demonstrated by the recent lawsuit in Miami challenging the city's desire to change the base on which employees' pensions are determined. [8]

Other options:

- Cap income multipliers at a percent of base salary
- Limit cost of living adjustments to a measure such as the state CPI index
- Increase the number of years of employment used to calculate the benefit
- The base salary should be based on the average salary from a higher number of years of service

4 REVISE STATUTORY RESTRICTION ON PREMIUM TAX DOLLARS: The statutory restrictions on the use of premium tax dollars that link increases in tax premium funds to the provision of additional benefits should be reduced or removed. Cities and counties should be able to use premium tax dollars to cover their current pension obligations.

Florida Statutes, Title XII, Chapters 175 & 185 make state premium tax dollars available to cities for firefighter and police officer pension plans, provided the plans meet minimum requirements.

On average, premium tax dollars have increased nearly every year for several decades. In 1999, the state established the amount of premium tax benefits a city received in 1997 as the city's base amount. If premium tax collections exceed the 1997 base amount, a city cannot access those additional funds unless it provides additional pension benefits to its policemen or firefighter employees. Many cities, therefore, qualify for premium tax dollars in excess of their 1997 base amount, but cannot access those dollars unless they provide additional benefits. The current system provides an incentive for increasing benefits, but does not fully fund the long-term cost of those added benefits.

Many cities currently in financial stress would benefit from using the premium taxes to fund their pension obligations. In order to access the premium taxes, some cities are reducing their pension benefits to the minimum required level and then immediately increasing the benefits back to the established level (which is technically an additional benefit).

However, it is useful to keep in mind that the provisions were passed to ensure that localities could not use increases in premium tax dollars to shift general revenues away from police and fire pensions.

Other options:

- One-time, temporary unfreezing of premium tax dollars
- Reset base-level to current premium tax dollar levels
- Establish a system for unfreezing premium tax dollars during periods of fiscal stress
- Conditional unfreezing as long as specific conditions are satisfied

5 ENCOURAGE TRANSPARENCY OF LOCAL RETIREMENT SYSTEM: Localities should improve the accessibility of funding, actuarial reporting and liabilities information to its taxpayers.

All counties are required to participate in FRS's defined-benefit program. Most cities and special districts are not actively engaged in the FRS. While there is an argument for greater administrative oversight of cities and special districts, as there is for counties, a less onerous option would be to require cities and special districts to make information about their pensions easily accessible to the public on the city's webpage. Such information should be provided in a clear and easily understood manner using terminology and data that are uniform across the state's cities.

However, some might argue that such requirements reduce local government autonomy.

Other options:

- State mandate that all cities and special districts join the Florida Retirement System
- Recommend cities and special districts join the Florida Retirement System
- Recommend cities and special districts use pooled-asset systems (e.g., FLOC's Florida Municipal Pension Trust Fund)

6 CONSIDER REPEAL OF LAW REQUIRING IMPLICIT SUBSIDIZATION OF HEALTHCARE BENEFITS: Florida lawmakers should give much consideration to repealing current Florida law requiring the implicit subsidization of healthcare benefits for Florida local governmental retirees.

Governments with the most generous retiree healthcare programs have the highest liabilities. Few governments have even set aside any resources to cover these liabilities, so it is essential that healthcare cost-reduction options be examined. There are two types of health benefits provided to retirees — explicit benefits and implicit benefits. Explicit benefits are those that provide financial assistance to employees to purchase health insurance in retirement or provide those benefits without cost. Implicit benefits are required by Florida law and allow retirees to purchase healthcare at the cost of the premium required of working employees (a less costly rate than the retiree would qualify for without this benefit).

Future healthcare costs are impossible to predict because of the possibility of national and state-level legislation. The statutory requirement that allows retirees to purchase healthcare at current employee's cost constitutes an unfunded mandate with a substantial price tag to local governments. Retiree benefit levels may eventually lead to significant financial stress in local governments, resulting in tax increases and/or service reductions.

However, there is still government's obligation to ensure a secure retirement for its employees and benefits are earned rewards for public service.

Other options:

- Reduce maximum monthly benefit
- Switch to implicit benefit once retiree qualifies for Medicare
- Switch to a defined contribution benefit system

7 PROVIDE STATE OVERSIGHT OF LOCAL RETIREE HEALTH PLANS: State agency oversight should be provided in statute to manage local retiree health benefit obligations. This agency should establish standards and provide technical assistance, if desired, to local governments.

The Collins Institute board was surprised to learn that there is no state agency or department overseeing local healthcare retirement programs and obligations. Given the extensive obligations incurred by local governments for healthcare, provision of state oversight seems extremely important. Complicating matters, there is no legal requirement that local governments fund their healthcare obligations at actuarially sound levels. Increased state oversight should improve reporting and ensure actuarially sound funding. Oversight may create an incentive to increase funding commitments.

However, increased state oversight would increase administrative burden on local governments. In addition, the state may not have sufficient capacity to handle the added responsibility.

TROUBLE AHEAD: FLORIDA'S CHANCE TO CHANGE COURSE

On this road to economic vitality, there are no villains. From the cities and counties struggling to support critical community services, to the hard-working, special risk employees that protect and serve Floridians, to the union bosses fulfilling their mission by assuring their members are well taken care of now and in the future, all groups are vying for protection of their interests. Local elected officials are trying to represent their citizens' needs by retaining a strong local workforce. State officials want to assure that their constituents, also constituents of local governments, are well-served by local retirement programs. Yet together, these well-meaning groups have put together a route that's expensive, and getting more expensive by the minute, leaving the bills for citizens not-yet-born.

Unfunded public retirement obligations are a financial roadblock on our state's highway to economic recovery. The decisions will not be easy — tough choices are inescapable. But, ignoring the warning signs will only make the journey longer and more difficult. Changes need to be made now to ensure Florida's local governments can get back on a path toward sustainability. The Collins Institute's initial recommendations map out the high-priority issues that should be considered as we work toward that goal.

TOUGH CHOICES

Tough Choices: A research series focused on state and local government relationships from the LeRoy Collins Institute.

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[1] "Response to Cities' Alarms: Pension Rules are Stacked in Favor of the Unions, Not Taxpayers." The Palm Beach Post, Nov. 19, 2010.
[2] Kraig Conn, legislative counsel for the Florida League of Cities, is the source for this information reported in: Kenric Ward. 2010. Local Governments Seek Pension Relief. Sunshine News. http://www.sunshinestatenews.com/print/1878321.
[3] Robert Novy-Mark and Joshua Rau. 2010. The Crisis in Local Government Pensions in the United States. http://www.kellogg.northwestern.edu/faculty/rauh/research/NMRLocal20101011.pdf.
[4] This is particularly the case for jobs at the high end of the labor market where professionals such as lawyers, accountants and executives can make more money in the private sector, while at the lower end of the salary range; the private sector may pay the same or less for comparable jobs.
[5] The researchers used all reasonable means to collect all audited financial reports for all counties and of the sample cities for fiscal years 2003 to 2009. Not all financial reports were available. The 2003 figures are based on 52 counties and 34 cities. The 2009 figures are based on 45 counties and 26 cities.
[6] The list of the 50 cities selected in our sample may be found at http://www.collinsinstitute.fsu.edu
[7] Kraig Conn, Legislative Counsel, Florida League of Cities, Power Point Presentation. 1011 Pension Reform Proposal. http://www.floridaleagueofcities.com/News.aspx?CNID=3930
[8] Randall G. Holcombe. 2011. Protecting Florida's Cities through Pension Reform. James Madison Institute Backgrounder. No. 66. January. www.jamesmadison.org

Established in 1988, the LeRoy Collins Institute is an independent, nonpartisan, non-profit organization which studies and promotes creative solutions to key private and public issues facing the people of Florida and the nation. The Institute, located in Tallahassee at Florida State University, is affiliated and works in collaboration with the State University System of Florida.

Named in honor of former Florida Governor LeRoy Collins, the Institute is governed by a distinguished board of directors, chaired by Allison DeFoor, D.Min. Other board members include executives, local elected officials, and senior professionals from throughout the state.

Beginning in 2005, the Institute published several reports in a series called, *Tough Choices: Shaping Florida's Future*. These publications provided an in-depth analysis of Florida tax and spending policy including Medicaid, PreK-12 education, higher education, and children's health and welfare. The research concluded Florida's pattern of low spending and low taxes conflicted with the growing demands of the state's residents, predicting trouble may be ahead.

In the newest research series, *Tough Choices: Facing Florida's Governments*, the Institute takes an objective look at the often tumultuous relationship between state and local governments in Florida. This report *Trouble Ahead: Florida Local Governments and Retirement Obligations* is the initial release in this research series. This report was written by David Matkin, Ph.D., assistant professor in the Askew School of Public Administration and Policy, who is the lead researcher on the local retirement component of the Institute's state-local analysis.

Future reports will examine trends in municipal and county spending and revenue, the effects of state mandates on Florida's local governments, state proposals to limit local revenues, and differential effects of the economy and state mandates on fiscally distressed communities. The *Tough Choices* research series is funded by the Jessie Ball duPont Fund.

All publications from the Institute can be found at the Institute's website: CollinsInstitute.fsu.edu

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