

Minutes
Delegation Meeting on HB 1297/SB 1652
January 21, 2016
8:00 AM
Room 306 House Office Building, Tallahassee

The meeting was called to order at 8:08 a.m., with opening remarks from Representative Mia L. Jones, Chair.

PRESENT: Representatives Adkins, Fant, Fullwood, Jones, McBurney and Ray; Senators Bean and Gibson.

The Chair convened the meeting with a quorum present and the attendees introduced themselves for the record.

The Chair explained the purpose of the meeting was for the delegation members to hear from the City of Jacksonville on the proposed pension bills HB 1297/SB 1652 and allow the members an opportunity to voice any questions or concerns as they relate to the bills.

Kerri Stewart, Chief of Staff for the City of Jacksonville, presented an overview of the City's public pension funds. The City has three public pension funds that have a total unfunded liability of \$2.6 billion. The City's solution to address this unfunded liability is to extend the half cent sales tax, which is currently being used to fund the Better Jacksonville Plan and is due to sunset in 2030. HB 1297/SB 1652 would allow the City to put a referendum to the voters, which if approved by a majority would extend the half cent sales tax until the pension plans are fully funded. The funds would be exclusively designated for the purpose of funding the pension liability. In addition, the bills would preclude new employees from joining the existing defined contribution plans.

At the request of the members, Ms. Stewart clarified various aspects of the actuarial projections of the unfunded liability. Although HB 1297/SB 1652 do not define a set end date, based on current projections the sales tax would likely be extended until 2060. A majority of the electorate would be constituted by 50% of those voting and that a definitive date for the referendum has not been set as that will have to be determined by City Council. Discussion turned to pension plans for new employees, at which point Ms. Stewart explained the benefits and contributions for these plans will have to be negotiated on the local level, but that they would likely include reduced benefits in order to avoid developing the same kind of pension problem that the City is in now.

The members questioned how the City would avoid the unfunded liability problem with future administrations. Ms. Stewart made clear that the current unfunded liability is the result of decades of bad decisions and those future administrations and unions will have to negotiate in good faith to not put the City back in the same situation. Members expressed they would prefer an end date that was certain, both to assuage the voters and to force the City government to exercise financial responsibility. Ms. Stewart confirmed the City is not opposed to setting a firm end date to the sales tax, although greater flexibility would be preferable.

Discussion again turned to details of the actuarial analysis. According to Ms. Stewart the analysis is based on conservative growth projections of the sales tax and aggressive payments to the liability. Variances between years can be attributed to such things as decreases in benefits, employees retiring, etc. Sen. Gibson questioned how reduction of benefits would affect the City's ability to hire new talent. The City's standpoint is that although benefits will face an overall reduction, attractive hiring packages are still possible with higher starting salaries and pay raises. Ms. Stewart explained if the legislation is passed the future sales tax projections will be calculated into the unfunded liability amount, thereby allowing the liability amount to decrease which would free up current general funds.

The Chair opened the meeting to public comment. Randy Wyse, President of the Jacksonville Association of Fire Fighters expressed his support for the legislation especially as it relates to flexibility in negotiations, although he does have concerns related to the defined contribution component. Steve Zona, President of Fraternal Order of Police Lodge 530, is in support of the bill as it is currently written. Mr. Zona also has concerns with the bill, but would prefer to address those concerns with the Mayor's administration.

The Chair requested that the administration inform the public about how the freed up general fund dollars would be used if the sales tax is extended, just as they did with the initiation of the half cent sales tax for the Better Jacksonville Plan.

There being no further business, the meeting adjourned at 8:46 a.m.

Note: A recording of these proceedings is on file in the delegation office, City Hall, Jacksonville, and is available to the public and media. Also a MP3 link is on the delegation website.