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Governor Scott Joins Group of Pension Reform Advocates in Announcement of Newly Formed Coalition, Floridians for Sustainable Pensions

~ Group urges lawmakers to make significant changes to the government pension system ~

TALLAHASSEE, Fla. – Gov. Rick Scott spoke today at a press conference announcing the newly formed coalition, Floridians for Sustainable Pensions (FSP), comprised of a diverse group of citizens, civic and business organizations concerned with Florida’s unsustainable government sector pension plans.

“Government pension reform is a priority issue for me. In the past few months, I’ve heard from concerned citizens across the state about the problems Florida could face if we do not make real and significant changes to the current system,” said Gov. Rick Scott. “I am hopeful we will continue to look for ways to improve the system next legislative session. I’m confident that FSP will make a difference in those discussions by their ability to ensure Floridians have an organized and research-backed voice to urge action.”

Members of FSP currently include Americans for Tax Reform, Americans for Prosperity, Associated Industries of Florida, Florida Chamber of Commerce, Florida TaxWatch, FreedomWorks Florida, National Federation for Independent Businesses, The James Madison Institute and hundreds of individual citizens across Florida. The coalition’s priority recommendation is to bring the public sector more inline with the private sector by replacing taxpayer-guaranteed pension promises with 401(k)-type personal retirement savings plans which government employees own and control.

“We want to leave a legacy for Florida’s future - a sustainable pension system that appropriately supports government workers without depending on future tax dollars to do so,” said Dr. Robert McClure, president and CEO of The James Madison Institute and member of Floridians for Sustainable Pensions. “FSP understands that our government employees, particularly our first responders, perform a great service for Floridians. However, if we continue down the path of underfunded pensions, these government employees may be confronted with job cuts, wind up with unstable retirements or no pension at all.”

The LeRoy Collins Institute (LCI) also presented a few key findings from their recently-released report, *Trouble Ahead: Florida Local Governments and Retirement Obligations*, which reveals that local government employee retirement obligations are a bigger, more complex ticking time bomb than previously recognized. For more than a year, LCI has been compiling a pension and health insurance database for counties and the state’s largest cities that spans the last five years.

“We have the most comprehensive data on Florida local governmental retirement benefits that exists. The most worrisome reality that the data illustrates is that neither cities nor counties are investing much money to fund the promises made to their retiring employees,” said David Matkin, assistant professor in FSU’s Askew School of Public Administration and Policy and lead LCI researcher on *Trouble Ahead*.

“Counties are only investing approximately 40 percent of what they need to and large cities only 31

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percent. Many cash-strapped local governments facing the problem of underfunded pension plans could have to downsize or eliminate critical services in order to shift resources into pension funds. We are pleased that our research is able to inform groups such as FSP.”

Trouble Ahead reports in FY 2009, Florida county pension contributions alone averaged more than \$21 million, a sharp uptick from contributions made only six years earlier of nearly \$12 million. Figures in the report show costs have risen from 3.5 cents on every dollar to nearly five cents – a 42 percent increase in pensions’ share of county governmental expenditures. Similarly, a reviewed representative sample of 50 Florida cities found pension contributions averaged \$2.28 million in 2009 – up from \$800,000 in 2003, accounting for more than 5.6 percent of governmental expenditures compared to 4.2 percent in 2003.

“Although the Florida Retirement System is better off than the pension plans of some of Florida’s major cities, improvements are still needed to create a system that is viable for years to come. The James Madison Institute has conducted a study on government pensions as well, titled *Protecting Florida’s Cities Through Pension Reform*. The Institute study states that the problem can be addressed by encouraging local governments to place all new employees in a 401k-style “defined contribution” plan rather than defined benefit,” continued Dr. McClure. “For the sake of our children and grandchildren, we want what is best for Florida’s future. It’s time for politicians to quit making pension promises that the next generation will have to finance.”

Floridians for Sustainable Pensions encourages interested parties and individuals to join the coalition. For more information about FSP visit, www.SustainablePensions.com, follow @FLPensionRedo on Twitter or ‘like’ Floridians for Sustainable Pensions on Facebook.

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