

A Message From Your Executive Director



David Murrett

How High Is The Water?

As I remember the old **Johnny Cash** song, it went something like this: "How high's the water, Mama? Five feet high and risin'." This could well be the refrain describing the financial straits in which our state and local governments find themselves. Remember the **Ronald Reagan** theory of trickle down economics? What is facing us today could just as easily be called "trickle down misery." How so? Well, for those of you who think what happens nationally has no impact on your lives, you may want to think again. Just look at the loosey, goosey way home and business mortgages were handled. Too many people were allowed to get mortgages that they really couldn't afford. No money down, interest payments only, adjusting interest rates after a few years, and the flagrant abuse of documentation (think "liar loans") to make sure the borrower could actually afford the loan—these and many more tricks made a select group of people very wealthy but caused an eventual financial meltdown for the country. To make a long story short, poor to nearly nonexistent regulation allowed Wall Street to bundle these bad mortgages together and sell them as securities. Companies like AIG participated in the crime by selling insurance on these bogus financial products, with AIG and other culprits assuring everyone that these investment products were safe. Like a house of cards, it all came tumbling down. The economy started declining. People started losing their jobs, couldn't make house payments, and went into foreclosure. Houses were suddenly worth a lot less, and suddenly these exotic Wall Street investment schemes tanked and the housing market went belly up. You know the rest of the story. The stock market crashed, and we barely escaped going into a full fledged depression.

Unfortunately, all of this has had a horrible effect on state and local budgets here in Florida. Drastically lower evaluations on houses translates into a free fall for property taxes coming in. No houses selling means little documentary stamp tax revenue for the state. No jobs, no house building, no spending equal less sales tax money coming in.

Why should all of this matter to you? Well, these are the primary ways that state and local governments are financed. In the past year, the whole matter has been held together by a thread. If not for the federal stimulus money

coming down the pike, the layoffs and cutbacks we saw last year would have been far more severe. But that lifeline is disappearing this year.

To give you a small slice of what this means, just consider our pensions. Many municipal police pension plans are having funding problems because of the market crash, resulting in cities having to kick in millions of new dollars and/or demanding take backs in negotiated pension benefits (and salaries, to boot). On the state level, it is equally exciting. After FRS being fully funded for a number of years, suddenly it is not. To make up for the shortfall and cover the billions in unfunded liability, the Legislature is about to raise Special Risk contribution rates some 7 to 8 percent of total payroll (from the current 22.54 percent to 29.67 percent). Think of the payroll for all the thousands of state law enforcement, corrections, correctional probation officers, plus all local deputies and correctional officers. Multiply that total payroll by 7 to 8 percent, and you can see that employers are going to have to come up with some serious change just for this one item alone. [As an aside, there was also an attempted take back of salary (2 percent) last year for all state law enforcement and correctional officers (plus all other state employees). Fortunately, we were able to prevail upon **Governor Crist** to veto that provision affecting our rank and file officers and the take back never happened.]

To wrap all of this up, the intent here is not to spread gloom and doom unduly; rather, it is to render a healthy dose of reality about the situation we are all facing. The fight has begun in earnest on the local level. Our local chapters and charters are doing a terrific job of stemming the tide and, yes, having strong political clout is making quite a difference in the various locales. On the state level, we are prepared to fight like the devil to preserve your well deserved pensions. For any legislator who even hints about cutting Special Risk (like legislators did in 1978 by dropping the accrual rate from 3 percent to 2 percent a year), believe me, there will be a price to pay, and it won't be pretty or very nice. For all current and future politicians, all we ask is that they match up their treatment of law enforcement with what they say on the campaign trail: the first and foremost duty of our state and local governments is protecting the people. Without good public safety, everything else government does is for naught! ■

"Many municipal police pension plans are having funding problems because of the market crash..."

"As a leader, one must sometimes take actions that are unpopular or whose results will not be known for years to come. There are victories whose glories lie only in the fact that they are known to those who win them."

~ Nelson Mandela

A motorcycle patrolman was rushed to the hospital with an inflamed appendix. The doctors operated and advised him that all was well. However, the patrolman kept feeling something pulling at the hairs on his chest. Worried that it might be a second surgery the doctors hadn't told him about, he finally got enough energy to pull his hospital gown down enough so he could look at what was making him so uncomfortable.

Taped firmly across his hairy chest were three wide strips of adhesive tape, the kind that doesn't come off easily. Written in large black letters was the sentence.

"Get well quick... from the nurse you gave a ticket to last week."

PBA CHANGE OF ADDRESS

Have you moved recently, or are in the process of moving? If so, we need your new address! Please notify the PBA office of your change of address so that you won't miss any important mailings.

Name: _____ Social Security Number: _____
(Your SSN helps us identify you correctly in case of similar names.)

New Address: _____

City: _____ State: _____ Zip _____

Phone Number: (Home) _____ (Work) _____ (Cell) _____

E-mail address: _____

Return to: Attn: Membership Secretaries, Florida PBA, 300 E. Brevard Street, Tallahassee, FL 32301

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