

No quick fix - Our view: The need to reform Baltimore's public safety pension system will require compromise and independent analysis to avoid political pitfalls

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Baltimore police officers and firefighters can't keep on receiving the lucrative pension benefits now paid to retirees. The numbers work against them. Police and fire retirees are living longer, which means the city has to pay out much more over the long haul, and other aspects of the pension deals are costing more, too. Poor performance in the stock market has compounded the problem for everyone and put the city on the hook for \$82.1 million in the fiscal year that begins in July and a whopping \$110 million the next year. Without changes to the system, City Councilman William H. Cole IV says, the city will face a "bankrupting event." That may be overstating it, but we take his point completely. That's why pension reform must be a priority and acted on with due speed.

Tinkering with pension benefits is a touchy political subject - 200 retirees demonstrated that when they packed a recent City Council hearing on proposed changes in the system. And elected officials often are swayed by such demonstrations of support. Police officers and firefighters are exempt from Social Security taxes, so their pensions are what they rely on in their older years. City officials have fueled some of the anger over possible changes to the system by pointing out that a majority of retirees don't live in the city - a cheap shot, really.

What's been encouraging in this politically treacherous debate, however, is that most everyone involved recognizes the scope of the problem. Demographic trends and the benefits packages granted to city police officers and firefighters by previous administrations and councils have created a potential financial tsunami. City leaders, as well as police and fire union officials, also realize that fixing the city's pension problems will require expert help.

There is no silver bullet to resolve this issue responsibly or amicably. That's why it would be best for an independent consultant to review the present fire and police pension system and come up with an array of possible fixes that would reflect the city's financial realities while addressing the needs of future retirees. The focus should be on resolving the problem in the long term, though that shouldn't rule out some possible short-term fixes such as freezing the variable benefit.

Defined pension benefits are a thing of the past in the private sector, and while no one yet is suggesting the same for municipal workers, city police officers, firefighters and others have to be realistic about what they can expect on requirements, benefits, contributions and assumed rate of return. The public safety unions have shown a willingness to compromise - they reached an agreement that would save the city \$4 million to \$7 million a year in funding the deferred retirement option plan, or DROP, that provides large lump-sum payments to fire, police and other public safety workers who agree to remain employed beyond their normal retirement date.

That spirit of compromise must be shown by all sides as they negotiate the difficult decisions ahead. Public safety employees perform a critical function in this city and their service should be rewarded, but with benefits that the taxpayers can afford.