

Changes proposed in Baltimore public safety pension plan - Police, firefighters would have to contribute more, wait longer for benefits

By Julie Scharper, Baltimore Sun, February 25, 2010

Police and firefighters would have to contribute more money toward their retirement and wait longer to collect benefits under a proposal to reform the city's public safety pension plan.

The fixes, which include consolidating investment funds and eliminating lump-sum payments, would save the city as much as \$60 million, according a report issued Wednesday by a task force that had been studying the issue for more than six months.

The pension system threatens to bankrupt the city if it is not overhauled by July, the beginning of the new budget year. The city would need to pay \$167 million to the fund, \$65 million more than last year.

Mayor Stephanie C. Rawlings-Blake referred to the problem as a "time bomb" in her State of the City speech this week and said it would be "catastrophic" if not resolved.

Yet it is unclear which of the recommendations the city might adopt and how the changes might be made. A City Council work session on the issue has been scheduled for next week. But union leaders say that they are frustrated that the mayor's office - under Rawlings-Blake and her predecessor, Sheila Dixon - has refused to discuss the issue with them.

"The onus is on the city to sit down with the unions, as we've been requesting for the past year," said Robert F. Cherry, president of the Fraternal Order of Police. "The city has a moral and contractual obligation to properly fund the pension of the men and women of the fire and police departments who go out every day and night to protect the city."

The mayor's spokesman, Ryan O'Doherty, said it would have been inappropriate for the administration to negotiate with the unions on the issue before the panel had drafted its suggestions. Rawlings-Blake and Councilman William H. Cole IV had requested last year that a task force, led by Greater Baltimore Committee president Donald C. Fry, review the pension program.

The mayor is "working with the City Council to review the recommendations," O'Doherty said. "We hope that these recommendations help the City Council address this issue."

But staff for Council President Bernard C. "Jack" Young said that it was the administration's responsibility to draft pension legislation.

"The administration are the point people here," Young's spokesman, Dennis Edwards,

said. "Our role will be getting [the legislation] after they put it together and then bringing it to the council."

The pensions are slated to be discussed at a March 4 work session of the council's taxation and finance committee. Councilwoman Helen L. Holton, who chairs the committee, did not return multiple phone calls yesterday.

Holton had been stripped of her role as committee chair by Rawlings-Blake after being indicted on charges of violating campaign laws. But Young restored her to her position, saying the committee needed her "knowledge and experience" and that she was "innocent until proven guilty."

The 20-member task force of investment experts has been analyzing the pension, which was created in 1962 and has been amended numerous times.

The panel recommended replacing a variable benefit that increases during good years - and stays high during bad years - with a set cost-of-living increase. They also suggested allowing retirement benefits only for employees with a combined age and years of service of 75, which they calculate would save the city \$40 million.

Under the plan, employee contributions would rise from 6 percent to as much as 10 percent. A lump-sum payment intended to encourage long-term employees to stay on the job would be abolished. The pension board would also increase by three members and include more financial experts.

Stephan G. Fugate, president of the fire officers' union and pension board chair, said the plan would cause a "dramatic change" in the retirement program.

"When you're hired at a certain benefit structure, that should be the benefit structure throughout your career," he said. "I don't think there's anything illegal or inappropriate about it, but it's certainly an abridgment of a promise made."