

Group says billions could be saved by slashing pensions and ending DROP  
Brent Henzi, 12/08/2010 - 09:36 PM

**Florida TaxWatch** released a [report](#) on Wednesday that provides the Legislature with more than 125 recommendations that could save the state as much as \$4.3 billion during the upcoming year.

The report's savings range from a low estimate of \$3.5 billion to a high of \$4.3 billion by making significant changes to health care, Medicaid, general government operations, and changes to state pension plans, including requiring state employees to contribute to their retirement plans and eliminating the deferred retirement option program also known as DROP.

The report also suggests that Florida should consider revising the state's drug possession laws for marijuana and cocaine to make it harder to get a felony charge. Additionally, the report has some ways to generate new money for the state, including selling ads on dynamic messaging signs operated by the **Department of Transportation**. Another recommendation is to charge vendors to know about state government bid opportunities.

The non-profit's report was put together by former and current legislators, business leaders and academic experts over the course of the last year. **President of Florida TaxWatch Dominic Calabro** said on Wednesday that he has presented the report to **Gov.-elect Rick Scott** and legislators, while also working with Scott's transition team in conveying the ideas brought forth by the group.

Calabro noted the possible state budget shortfall of more than \$3.5 billion is reason enough to analyze changes that could provide savings. But on top of this, Calabro also pointed out that the state will owe the federal government "billions" through the unemployment compensation fund, further compounding the state's financial issues.

"Now, more than ever, recommendations like these to save taxpayer dollars and contain costs are vital," said Calabro.

The first big chunk of the report is dedicated to potential pension changes. Some of the proposals include eliminating the defined benefit program now utilized by most state workers and reforming or eliminating DROP. The report calls DROP -- which was intended as an incentive for early retirement -- as an "expensive program" with "no tangible evidence of added value." It says lawmakers should either eliminate DROP entirely or at least reduce the annual guaranteed rate of return for DROP participants from 6.5 percent to 3.0 percent.

Other specific changes included in the report are reducing Medicaid fraud and abuse, expanding nursing home diversion programs and Medicaid managed care, and also to create benchmarks for state agency expenditures.

The report suggests criminal justice reforms that could save the state up to \$394 million and avoid the need for new prisons.

"We can't build any more prisons," said **David Smith**, the task force's chair. "We're out of money. We can't afford it, and yet we have a very real service to provide. So getting smart on crime will require efficient and effective use of very limited resources."

Florida TaxWatch presented the report alongside **Lt. Gov.-elect Jennifer Carroll, Chief Financial Officer Alex Sink** and **Rep. Will Weatherford**, R-Wesley Chapel, among others on Wednesday. Carroll

stated that she would take the report and work with Scott in developing good ideas from the group's findings.

"We will be considering them and looking through all the recommendations to see how it can be most efficiently and effectively put forward in the upcoming weeks as we address our budget plan and as we go into a legislative session," said Carroll.

Sink, who contributed to the report, stated she was proud of the study and was glad to see many of her office's suggestions were added to the report.

"These recommendations will not only help close the budget shortfall this year but protect Floridians from waste in state government services and programs," said Sink.