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Martin County Taxpayers Association: How county can avert impending financial crisis

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Our local governments continue to accelerate toward financial crisis. Property values and sales are falling, sales-tax revenues and impact-fee receipts are down, and more "help" from the Florida Legislature appears inevitable.

However, it is time to quit pointing fingers and concentrate on how to solve the problems without overcrowding our schools, reducing necessary levels of service, or further degrading the local economy.

The first step is identifying the problems. We believe recent revelations about the very high percentage of local government's operating budgets required to cover personnel costs (from a low of more than 85 percent to a high of 94 percent) point to a root cause: excessive salaries, perks and benefits paid to many public employees.

This is especially evident in the upper echelons, where double-digit pay increases and benefits that may have been warranted for entry and mid-level personnel are compounded year after year to all employees. The best evidence of this phenomenon is in the data released last week about the county's civil servants who were paid more than $100,000 in fiscal 2007. This year almost 10 percent of all county administration employees had gross incomes that ranged from $100,000 to $171,000, plus generous benefits. Nearly automatic 5 percent yearly "merit" raises plus cost-of-living increases and other perks, such as selling unused vacation and personal time, have pushed the take-home pay for many well beyond reasonable levels.

Of special concern is the Fire/EMS Department, where more than one-fourth of the approximately 265 total union and upper-management personnel (70) were paid from $100,000 to more than $164,000. Also, the current IAFF contract has two additional 10 percent compounded yearly salary increases built in. Assuming no corrective actions and the same ratio and distribution of overtime by current employees, more than 40 percent of all Fire/EMS personnel will be earning more than $100,000 in October 2009, with the six battalion commanders earning from $176,000 to nearly $200,000.

As we have said over and over, we appreciate the excellent work by all of our county's staff and teachers, especially those directly involved in saving lives, teaching our children and safeguarding our property. Martin County residents have an average personal income of $44,000. This is excellent relative to the national average of $33,000 and Florida's $31,000. However, the recent increases in public-sector earnings, especially at the higher salary ranges, are not sustainable, even here.

Given these reported facts are accurate and our assumptions are valid, what should county officials do? Our recommendations are:

• Use professional negotiators for all future union and senior staff contracts, especially the administration's pending union contract.

• Develop and adopt a 5-year budget, updated yearly.

• Set "cost-of-living-plus" maximum budget increases for every department.

• Delete all automatic pay increases not part of a negotiated union contract.

• Institute new personnel policies that reward merit and responsibility, using a valid performance-measurements system.

• Phase out the practice of "selling" vacation and personal time.

• Exercise any option that might be available to open the Fire/EMS contract for renegotiation. As a minimum, bring in an unbiased outside consultant to address staffing, efficiency and scheduling.

• Evaluate the forward cost of current retirement and benefit programs and make the data public.

• Extend the administrator's 2008 "voluntary" withholding of salary increases for highly compensated employees for at least one more year.

We all observed what happened to pre-eminent U.S. airline and automobile companies when personnel costs exceeded what could be sustained by their income. Pan Am, TWA, GM, Ford and others delivered excellent products and service, and were great places to work. However, when equipment is not replaced, maintenance costs go up; when there is no income to allot for upgrades, obsolescence occurs or debt goes up. These lead to inefficiency, loss of competitive advantage and, inevitably, all involved end up suffering.

Since governments have the power to tax and control competition, they can prolong the agony far longer, but no organization is immune from the laws of mathematics.

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