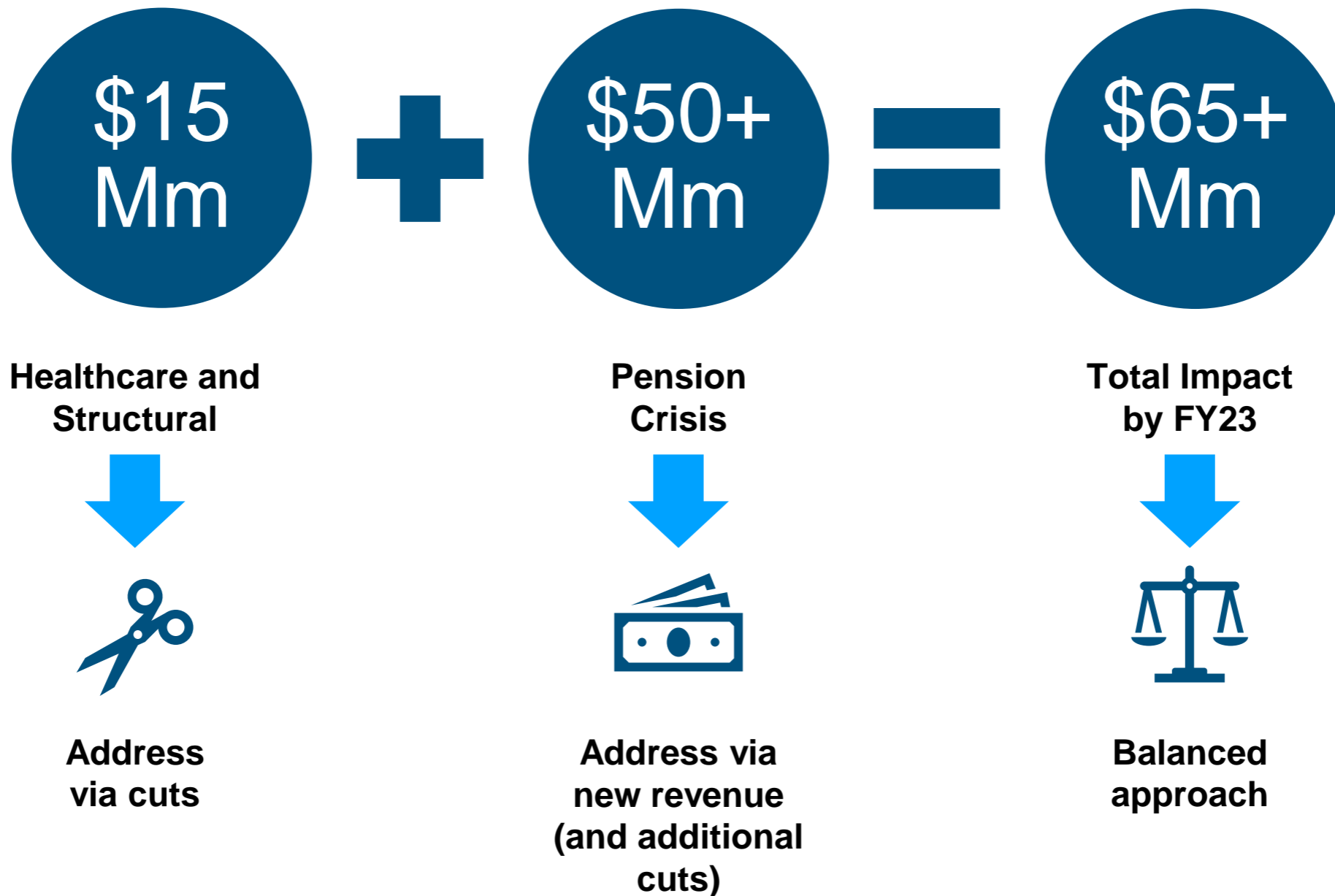


# Pension Crisis Proposal

March 5<sup>th</sup>, 2019



We are pursuing a balanced approach that ensures new revenue is earmarked to pension crisis only.



# A balanced approach must include revenue from all lines of insurance to generate ~\$50 Mm.

- After making \$15 Mm in cuts to address the structural deficit, additional revenue is needed for pensions.
- Introduce additional rental car tax.
- Raise all lines except health and auto by no more than 5%.
- Phase in auto coverage at average of 0.5%/year starting in FY21 to FY23.
- Provides necessary clarity to constituents, businesses, employees and agencies for the long-term.

Pension Crisis Revenue				
	FY20	FY21	FY22	FY23
<b>Incremental Pension Bill</b>	<b>\$20 Mm</b>	<b>\$31 Mm</b>	<b>\$44 Mm</b>	<b>\$60 Mm</b>
<b>Rental Car Tax</b>	\$1 Mm	\$1 Mm	\$1 Mm	\$1 Mm
<b>Insurance Premium Rate (ex. health and auto)</b>	9% (+4%)	9% (+0%)	10% (+1%)	10% (+0%)
<b>Insurance Premium (ex. health and auto) Incremental Revenue</b>	\$19.7 Mm	\$26.3 Mm	\$33 Mm	\$33 Mm
<b>Auto Insurance Tax Rate</b>	5% (+0%)	5.5% (+0.5%)	6.3% (+0.8%)	6.5%* (+0.2%)
<b>Auto Insurance Incremental Revenue</b>	\$0	\$2.7 Mm	\$7 Mm	\$8.1 Mm
<b>Additional Cuts Needed</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3 Mm**</b>	<b>\$17.9 Mm**</b>

\*On a \$500/month auto insurance policy, increase would be \$7.50/month in four years

\*\*To be addressed by long-range planning ad hoc committee

Incremental revenue will be dedicated to pension issue and additional options will be pursued to address underlying issues.

- Include language that all new insurance premium tax revenue be used only for pension cost increases after FY18 baseline and provide annual report.
- Ask Kentucky Attorney General to launch investigation on insurance red-lining.
- Lobby state legislature for additional taxing authority.
- Include pledge to revisit insurance rates if additional options become available.

# Cuts will be significant, unpopular, and cross all departments and levels of management. Potential areas of focus include:

Budget cuts immediately with hiring freeze for all non-revenue producing positions and non-essential spending

Beginning July, 5% salary cut or furloughs for all employees earning >\$90K annually

Cut every Metro Council NDF or Cost Center account by \$20K

Increase Metro employee health insurance premiums

Eliminate COLAs for FY20

Eliminate all take home vehicles (with minimal public safety exemptions)

Move USD to alternating weekly yard waste and recycling; no yard waste collection in winter months

Move Belle of Louisville to private funding

Return Youth Detention Services responsibility to the Commonwealth of Kentucky

Eliminate funding for The Living Room

Eliminate capital budget spending on bike lanes for at least 2 years

Reduce budgets in every department, focusing on management and communications positions

Eliminate suburban street sweeping

Reduce EMS service by one ambulance in areas where suburban districts provide service

Eliminate support for suburban fire districts

Reduce/eliminate Council designated funds

Immediately begin long-range planning committee work to identify structural opportunities and identify additional savings for FY22 and beyond.

- President James to appoint ad hoc committee chair to investigate long-term structural opportunities:
  - Department consolidation
  - Span of control efficiencies
  - Asset utilization opportunities with other government service providers (e.g. JCPS)
  - PARC privatization/revenue maximization opportunities