

City would limit pension rises

By Annie Linskey

ANNIE.LINSKEY@BALTSUN.COM

1 The Dixon administration introduced legislation Monday that would halt future cost-of-living increases for Baltimore's retired police officers and firefighters, the latest turn in an ongoing effort to reform the city's ailing \$1.6 billion public safety pension fund.

City officials stressed that the new legislation is a "stopgap" measure intended only to prevent the already depleted fund from plummeting further while they fashion a broader fix that will ultimately include post-retirement increases.

"We will stop the bleeding," said Deputy Mayor Christopher Thomaskutty. In the long term, he said, "It would be unrealistic to have a pension plan that does not have [cost-of-living] increases."

Maintaining current benefits could cost the city an additional \$61.5 million next year on top of the estimated \$106 million regular contribution to the fund. City finance officials have said they cannot afford to pay such increases — this year they paid \$82 million. The legislation does not affect any of the increases that have already been granted to pensioners.

Union officials cried foul Monday, complaining that they have not been offered a seat at the table to negotiate changes to the pension plan. "We are not denying that there is a problem," said Robert F. Cherry, the president of the city's police union. "My concern is the process."

Capt. Stephan Fugate, the head of the

city's fire officers, was more blunt, calling the new proposal "legislative theft." Fugate also chairs the plan's board of trustees and had urged the city not to change the structure of the fund while working out proposals to fix it.

Last year, the administration began working on a plan to curtail the so-called variable benefit, a provision that allows pensioners to share in the fund's profits in the strong financial years.

Initially, the administration planned to replace the variable benefit — which has netted retirees a 3 percent annual increase in the last two decades — with a straight 1.5 percent cost-of-living increase similar to the increase given to the city's retired civilian employees.

City Council President Stephanie C. Rawlings-Blake criticized that legislation as a "piecemeal" approach to pension reform and called on the Greater Baltimore Committee to convene a task force to examine the plan. It is set to meet for the first time in the end of June.

Dixon officials are now working with the executive director of the Pension Research Council at the University of Pennsylvania's Wharton School to develop broader recommendations to fix the plan.

The bill also provides pension trustees flexibility to reinvest the \$472 million pot of money set aside for the variable benefit. Those funds have been conservatively invested; the bill allows them to be transferred to the pension plan's general fund, giving money managers an influx of cash to buy up undervalued equities.

