

**VOTE NOVEMBER 5<sup>TH</sup>**

## **A Better Plan for Joplin**

*Dear Citizen,*

*Recruitment and retention of police officers and firefighters is a priority of the City, and that's the focus of Proposition B. It is called a Better Plan for a Better Joplin.*

*Joplin's ability to recruit and retain highly qualified professionals in our Police and Fire Departments impacts all of us. It directly impacts the safety of our citizens and the protection of our community.*

*We encourage you to read this informational brochure and learn more about this important community issue that you will vote on during the November 5, 2019 election. We thank you for taking your time in serious consideration of this proposal.*

*Sincerely, The Joplin City Council*



### **WHAT IS PROPOSITION B?**

Prop B is a ½-cent general sales tax dedicated to funding retirement plan changes to help improve recruitment and retention of Joplin Police Officers and Firefighters. Proceeds will be used to:

- ★ Save taxpayers' dollars by providing funding to close the current self-administered, self-funded pension plan and move to a state-authorized retirement plan, Missouri LAGERS (Local Government Employees Retirement System). Over 20-years, this plan is projected to save the taxpayers an estimated \$28 million;
- ★ Provide necessary funding to close the City's underfunded police and fire employees' pension plan; and
- ★ Transition current eligible police and fire employees, as well as newly hired firefighters and police officers to a more cost-effective retirement plan (LAGERS).

The sales tax will sunset (end) after 12 years or when the Police and Fire Pension Plan reaches 120% funding level, whichever comes first.  
*(Please read on for more details on the 120% funding.)*

## Why is this sales tax being proposed?

With the focus on improving recruitment and retention in the Police and Fire Departments, a City internal work group identified the need for a revenue source to fully fund and close the Police and Fire Pension Plan to new hires, which will reduce the financial strain on the City's general fund.

The funding level of the Police and Fire Pension Plan has been a concern of City leaders, Pension Board members and Plan members for many years. In 2009, a reduction in benefits in the plan created the "Tier II" plan, requiring a non-refundable employee contribution of 10%. The City also made two large cash infusions to the plan since that time. Despite these measures, the pension plan today is only 63.7% funded and the funding level is not improving. Additionally, the annual pension contribution by the City continues to increase and will be approximately \$3 million in fiscal year 2020.

Closing the plan to new hires is a final, long-term solution to address the pension plan and relieve the financial strain on the general fund. This ½-cent sales tax, for no longer than 12 years, would provide a source of revenue to fund the benefits due under the closed plan.



**How did we get here? This didn't happen overnight...** During the 1980's and 1990's when pension plans were relatively well-funded, many agencies enhanced their public safety pension benefits to remain competitive. In the 2000's, these self-administered, self-funded pension plans across America were experiencing funding shortages as pension liabilities increased, funded ratios decreased, and city contributions increased significantly.

During the next decade, plans implemented changes trying to resolve funding issues. Many plans made benefit reductions or transitioned away from self-administered, self-funded pensions to ensure long-term sustainability of retirement plans. Joplin's plan has followed this same path of other pension plans including Jefferson City, St. Joseph, Springfield and Maplewood.

Like other agencies' plans, ours was enhanced around 2000. As time passed, our pension liability grew, the funded ratio dropped, and the City's contribution increased significantly. To address this downturn, in

2009 the pension plan benefits were reduced for newly hired public safety employees, creating lesser benefits for the "Tier II" group. Despite the benefit reduction made to the plan:

- the funded status has remained the same for the last four years
- the unfunded liability is over \$24.1 million and growing
- the City's contribution rate continues to increase

Recently Standard & Poor's downgraded the City's credit rating, citing Joplin's large pension obligation as one main reason for the decrease. This pension plan trend has a negative impact on the City and its taxpayers' financial interests.



**VOTE NOVEMBER 5<sup>TH</sup> • PROP B • A BETTER PLAN FOR JOPLIN**

## How much will this sales tax generate?

An estimated \$6 to \$7 million will be generated annually through this ½-cent sales tax. These funds will be used to fully fund retirement benefits and secure the transition of our police and firefighters to a more cost-effective retirement plan.

## How will the proceeds be used?

Sales tax proceeds from this tax can only be used to:

- ★ Provide benefits to members (retirees, future retirees and their eligible dependents) of the closed police and fire pension plan, ensuring every last member receives their full benefit;
- ★ Move those current police and fire employees electing to migrate to Missouri LAGERS, (Local Government Employees Retirement System); and
- ★ Add newly hired police officers and firefighters to the state authorized retirement plan (LAGERS).

An estimated \$72 million is needed to close the pension plan and move new hires to the Missouri LAGERS retirement plan. Although closed to new hires, the current plan will continue to provide the promised benefits to retirees and future retirees for at least the next 50 years ensuring that every member receives his or her full benefit.

## Why is the cost of this proposal \$72 million?

The existing pension plan is currently over \$24.1 million underfunded. This unfunded level is based on service benefits already earned by retirees. Active employees will continue to work and earn benefits that will be paid in the future. According to the Actuary, upon closing the plan to new hires, \$65 million will be required to pay the cost of the future benefits earned by current employees. The remaining \$7 million is the amount needed to transition current eligible employees and new hires to LAGERS. By closing the existing pension plan to new hires, the cost of additional future benefits from the self-administered, self-funded pension plan stops.



## Why does the plan need to be 120% funded?

Recommended by the Police and Fire Pension Plan's Actuary, the 120% level of funding will help to ensure the plan remains adequately funded during investment market downturns. When the ½-cent tax ends after no more than 12 years, investment returns will be the remaining income for the plan. According to the Actuary, this funding level will provide sufficient resources to pay all benefits to its members until there are no more members on the plan, without asking taxpayers for additional sales tax proceeds in the future. (An *actuary* is a business professional who deals with the measurement and management of risk and uncertainty.)



## Who was a part of the internal work group mentioned in this brochure?

Recognizing that recruitment and retention of police officers and firefighters are critical for a safe community, key stakeholders collaborated in finding a long-term solution. They included the Mayor, Mayor Pro Tem, City Attorney, Interim City Manager, Finance Director, Police Chief, Fire Chief, Public Information Officer, representatives of the Police and Fire Unions, the Police and Fire Departments, and the general employees. After nearly a year of working together, the group made a unanimous recommendation to the City Council to place Proposition B before the voters on November 5, 2019.



## Who benefits from Prop B?

Everyone who lives, works or visits Joplin benefits from improved police officer and firefighter recruitment and retention because experience matters when firefighters and police officers arrive at emergencies. The City strives to employ well-trained and knowledgeable professionals to respond to 9-1-1 calls, so retention of highly skilled and experienced police officers and firefighters is an important issue.

To recruit strong candidates and retain experienced workers, the City needs to ensure that its benefits are secure and competitive with other cities and agencies. Police and firefighters do not pay into Social Security or receive Social Security benefits, so the retirement plan is an important part of their compensation.



**VOTE NOVEMBER 5<sup>TH</sup> • PROP B • A BETTER PLAN FOR JOPLIN**

**POLICE LINE DO NOT CROSS**



### **How will this proposal impact me?**

On purchases of \$100 at any Joplin store, 50-cents in sales tax will be added to fund this initiative to help the City recruit and retain experienced and well-trained firefighters and police officers.

### **Do the Police and Fire Pension Plan members support this sales tax?**

Yes. The proposal of closing the existing self-administered, self-funded pension plan required a vote by all members of the Police and Fire Pension Plan as the first step in moving this forward to a public vote. The membership supported this proposal with 98% voting in favor of this proposal to close the City's pension plan and transition to the state-authorized plan.

### **Will this proposal cause the police officers and firefighters to lose any benefits?**

No. Proposition B secures retirement benefits promised to current and future retirees of the Police and Fire Departments.

### **I see many city projects happening throughout the community. Does the City have any other revenue source(s) to address police and fire recruiting and retention?**

The projects underway and completed during the past several years have been funded by dedicated revenues that can only be used for specified purposes. The City received well over \$200 million in grants and special allocations to help rebuild following the devastating EF-5 tornado that struck our community on May 22, 2011. These grants have been or are being used to build a new library, build a new senior center, create a job training center, as well as nearly \$100 million in infrastructure improvement projects. At the same time, the City has two sales taxes dedicated to completing over \$86.2 million in capital, parks and stormwater improvements.

Police and Fire services are included in the general fund, which is the operating fund of the City. The main revenue source of the general fund is the 1% general sales tax. The 1% sales tax generated approximately \$13.2 million, while police and fire expenditures were over \$15.5 million in the 2018 fiscal year. Expenditure growth has been outpacing the small growth in revenues in the general fund. Beginning in 2015 throughout the City organization, the following measures were implemented for the City to balance the general fund and provide the same level of services to our community:

- Froze wages
- Froze capital replacement
- Eliminated 15 positions
- Reduced expenditures by paying the outstanding debt on City Hall
- Made other various expenditure cuts

These measures are not long-term, sustainable solutions.

This proposal would provide a long-term solution to help relieve the strain on the general fund and address police and fire recruiting and retention.

## What happens if this tax is not approved?

The City of Joplin Police and Fire Departments will continue to provide the best services possible with the resources available. However, no new source of revenue will be made available to fund retirement plan changes to help improve recruitment and retention of police officers and firefighters. Taxpayers will continue to fund the pension plan that is costing the City approximately \$14,600 per year per current public safety employee, rather than moving to the more cost-effective state authorized retirement plan at an estimated annual cost of \$8,200 per current police and fire employee. Without revenue from this tax, the City will be required to continue to contribute the Actuary Recommended Rate to the pension plan, which is projected to be over \$3 million for the 2020 fiscal year. In comparison, the estimated annual contribution for LAGERS is \$1.7 million.

## Why is a sales tax proposed instead of a property tax?

As a sales tax initiative, this plan will be supported by more than just citizens of Joplin, but also those visiting Joplin who benefit from the protection of our police officers and firefighters. Property tax is paid only by property owners. Sales tax is paid by anyone buying goods in our community.

## Will this tax end?

Yes. This ½-cent sales tax will sunset (end) after 12 years or when the Police and Fire Pension Plan reaches 120% funding level, whichever comes first.

## How does the ballot language read?

### **PROPOSITION "B"**

*"Shall the City of Joplin impose a general sales tax, as authorized by Section 94.510 RSMo., at a rate of one-half of one percent (1/2 percent) solely for the purpose of providing revenues to close the City of Joplin Police and Fire Pension Plan to new hires, migrating new hires to the Missouri Local Government Employees Retirement System (LAGERS), and for the transfer of eligible pension employees to LAGERS, with said tax to expire upon the Pension Plan reaching a fully-funded one hundred twenty percent (120%) status as determined by an independent actuarial study conducted for the City of Joplin or twelve (12) years after enactment, whichever is earlier? "*

*If you support this question,  
then you vote  
"YES".*

:  
:  
:  
:

*If you do not support this question,  
you then vote  
"NO".*

**VOTE NOVEMBER 5<sup>TH</sup> • PROP B • A BETTER PLAN FOR JOPLIN**

## If this ½-cent sales tax passes, what will be the sales tax rate?

City of Joplin's portion of the total sales tax rate is 2.625% currently and would move to 3.125% upon the passage of Prop B.

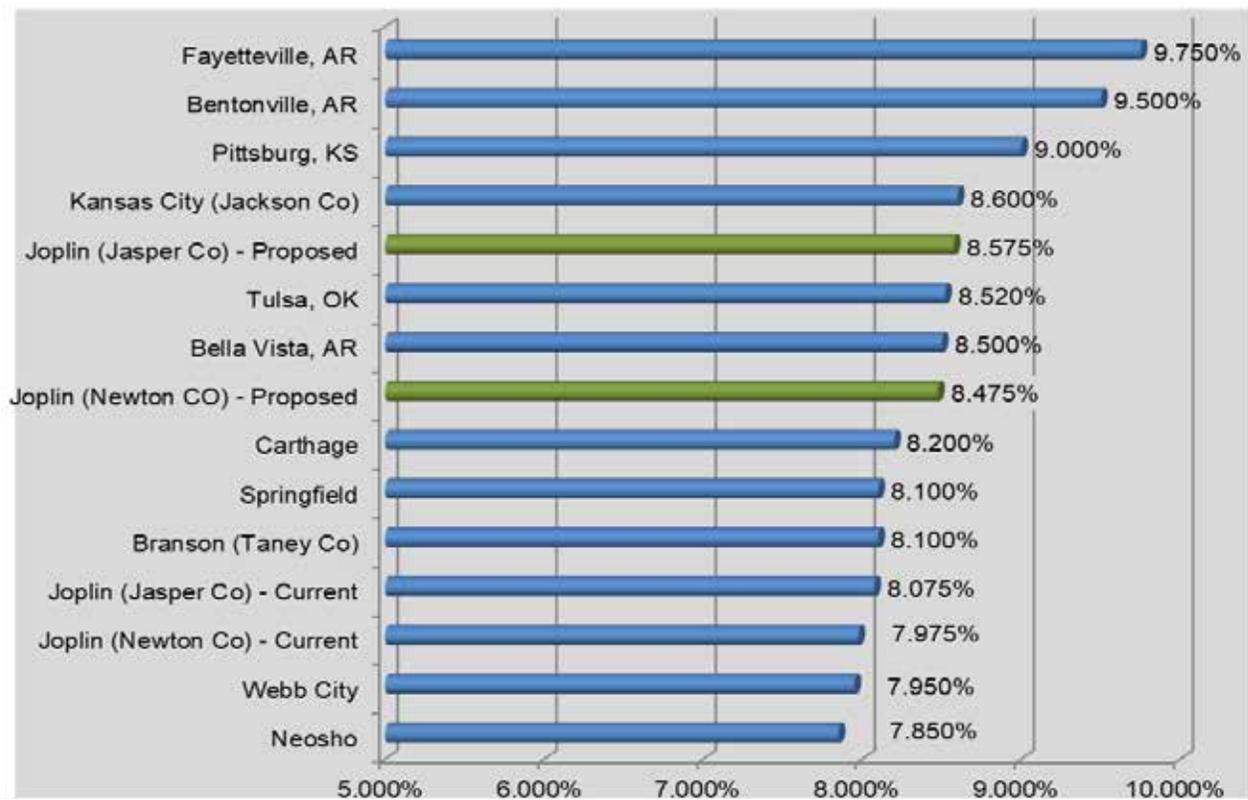
In the Jasper County portion of Joplin, the current total sales tax rate is 8.075% and would move to 8.575%.

In the Newton County portion of Joplin, the current total sales tax rate is 7.975% and would move to 8.475%.

*(As a result of various special taxing districts within Joplin, some areas of Joplin have different total sales tax rates.)*



### Total Sales Tax Rate by City



## When is the last day to register to vote for the November 5, 2019 election?

October 9, 2019.

Please contact the County Clerk of your home county for instructions.

Jasper County 417-625-4307

Newton County 417-659-2910



**• VOTE NOVEMBER 5<sup>TH</sup> • PROP B • A BETTER PLAN FOR JOPLIN**



602 South Main Street • Joplin, Missouri 64801

PRSR STD.  
U.S. POSTAGE  
**PAID**  
JOPLIN, MO  
PERMIT NO. 187

## JOPLIN RESIDENTIAL CUSTOMER

### How do I vote Absentee for the November 5, 2019 election?

Please contact your local election office regarding the specific guidelines to vote absentee in a Missouri election.

The last date **to vote absentee** in both Jasper and Newton County is 5 p.m. on Monday, November 4, 2019. Both county offices will be open the Saturday before Election Day (November 2, 2019) from 8 a.m. to 12 noon for absentee voting.

The last date **to request an absentee ballot to be mailed** is 5 p.m. Wednesday, October 23, 2019.



For residents living in Jasper County, contact:

**Jasper County Clerk's Office**

601 S. Pearl, Room 200

Joplin, MO 64801

417-625-4307

Website:

<http://www.jaspercounty.org/election.html>

For residents living in Newton County, contact:

**Newton County Clerk's Office**

101 S. Wood St.

Neosho, MO 64850

417-451-8221

Website:

<http://www.newtoncountymmo.com/county-clerk.html>