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The following is excerpted from a report by the South Florida Sun-Sentinel. The Florida State Retirement System is one of the largest in the country, and this case was closely watched.

High court upholds required pension contributions from public employees

By Kathleen Haughney Tallahassee Bureau

TALLAHASSEE – Teachers and other public employees lost a two-year battle with Gov. Rick Scott and the Legislature Thursday when the Florida Supreme Court upheld a requirement that they must contribute 3 percent of their salaries to the state's pension fund.

The 140,000-member Florida Education Association, backed by other public employee unions, had sued the state over the required contribution, arguing that it was an involuntary pay cut and couldn't be imposed on existing employees without negotiating with public-employee unions.

A Leon circuit judge agreed that the contribution violated the unions' constitutional right to collectively bargain and said the requirement could apply only to new employees.

But in a 4-3 decision, the high court overturned that ruling.

Justice Jorge Labarga, citing a 1981 court decision, said that the Legislature has the right to make changes in retirement contributions for both existing and future employees.

"We recognized the authority of the Legislature to amend a retirement plan prospectively, so long as any benefits tied to service performed prior to the amendment date are not lost or impaired," Labarga wrote in the majority opinion.

The ruling was a huge blow to the 623,000 teachers, law-enforcement officers, first responders, nurses and other public employees whose pensions are administered by the Florida Retirement System. All saw their take-home pay reduced by 3 percent when the law took effect on July 1, 2011; previously, most did not have to contribute to their pensions at all.

State employees have not had a raise since 2006, though Scott has said he may propose some sort of merit-based pay raise system in his budget this year. And most county governments and school districts have handed out pay increases sparingly as the Great Recession drove down the property-tax revenues those governments rely on.

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