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The Week in Public Finance: Traffic Cam Drama, Retiree Healthcare and Another D.C. Shoutout A Roundup of Money (and other) News Governments Can Use.

Putting on the brakes

Are red light and speeding cameras that mail tickets to violators intended to be revenue generators or traffic calming measures? It's a debate that rages among communities that have the cameras but according to one credit ratings agency, the answer is clear. It's all about the money.

That's why Moody's Investors Service is raising the caution flag for New Jersey and Nassau County, N.Y. for failing to renew their red light camera and speed camera programs, respectively. Calling New Jersey's red light cameras a "a revenue generator" for local governments, Moody's on Dec. 19 said nixing the programs in both states will "further constrain governments' ability to implement new revenue streams at a time when these governments are facing property tax limits, uneven sales tax growth and anti-tax sentiment." Nassau's program, which installed speed cameras around schools, had only been implemented in July of this year and netted \$21 million for the county. New Jersey's has been around since 2008 in 25 municipalities and typically accounted for between 1 and 2 percent of towns' revenues. Both programs faced public resistance and problems with their contracted operators that resulted in tens of thousands of violations being dismissed.

Costly promises

States' obligations to paying for retiree healthcare vary so incredibly that the gap between the most and least burdensome obligation is a whopping \$67 billion. Of the states that directly offer retiree health care, Oklahoma has approximately \$4 million in unfunded liabilities while New York has upwards of \$67.7 billion, according to a [new brief](#) by the National Association of State Retirement Administrators (NASRA) and the Center for State and Local Government Excellence (SLGE). The assessment is an update to last year's brief that only looked at general state employees. The information now includes public safety officers, university employees, and legislators, among others for the 2013 fiscal year.

Some of the brief's findings include: more than three-quarters of the total state retiree healthcare unfunded liability is held by just 10 states and as of 2013, 33 states are setting aside assets to prefund these liabilities. That's up from 18 in 2011. Although many states believe that, legally speaking, retiree healthcare promises are more easily broken than pension promises, more government are paying attention to the mounting debts.

To be sure, these debts are now likely even higher than the brief suggests - also this week California State Controller John Chiang released his own [report](#) showing the state's unfunded liability for retiree healthcare as of 2014 totaled \$71.8 billion. The change represents a staggering \$7.2 billion jump from the \$64.6 billion obligation identified last year. In his statement, Chiang urged adopting a policy of pre-funding retiree healthcare (as pensions are pre-funded), noting that such a move could reduce California's unfunded liability by \$25 billion (or 35 percent) to \$46.8 billion.

Farewell, Mayor Gray

The mayor of the nation's capital city steps down this month after losing his re-election bid. But Washington, D.C. Mayor Vincent Gray certainly made the most of his farewell address this week, which one local news outlet joked "ran nearly as long as his term in office." Still, you may be asking, what does that have to do with public finance? In his nearly 9,400-word speech, Gray championed his fiscal responsibility measures over the last four years, including restoring Washington's rainy day fund and seeing the city's credit rating rise to AA - it's highest ever. But most appreciated by yours truly was this little quip that sums up the importance of knowing the role of numbers in public service.

"Now, fiscal responsibility may not sound glamorous - but it is the foundation for everything a government does," Gray said. "Even the most well-intentioned plans fail if you can't pay for them."

Ain't that the truth.

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