

NEWS RELEASE

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Now is the Time: Rep. Seth Grove (R-York Co.) Unveils Municipal Pension Reforms

Reforms hailed by bi-partisan statewide coalition of business and municipal leaders

YORK AND HARRISBURG, PA – Rep. Seth Grove (R-York Co.) was joined today by business and municipal leaders, all members of the statewide Coalition for Sustainable Communities (CSC), as he unveiled a set of reform proposals designed to give communities the tools needed to both rein in the spiraling costs of municipal pensions and maintain public safety by protecting jobs for uniformed police and fire. The municipal-level reforms address what had been a void in state-level pension reform discussions in Harrisburg.

“As Harrisburg policymakers debate state pensions, we cannot forget about our municipalities, many of which are grappling with unsustainable pension costs, often out of their control,” said Grove. “My reform proposal is designed to reduce the financial burden on local governments, safeguard public safety employee job opportunities and pensions, and ensure the financial sustainability of all communities, large and small.”

In York City Hall, Grove was introduced by York City Mayor Kim Bracey and Darrell Auterson, President and Chief Executive Officer of the York County Economic Alliance.

Mayor Bracey commended Grove for bringing together a broad grouping of stakeholders from across the state.

“I thank Rep. Grove for his leadership in not only bringing together a broad coalition of supporters, but also showing that Republicans and Democrats can work together on sound public policy that improves the lives of residents in both small and large communities alike,” said Bracey. “The pension challenges that York faces are similar to those in dozens of other cities, boroughs and townships. Here in York, we face in excess of \$7.5 million per year in pension contribution costs with \$6.8 million of that going to just the police and fire pension funds, unless the state General Assembly provides municipalities with the tools needed to succeed.”

“Increasing numbers of communities suffer from varying levels of fiscal distress, driven by outdated, inflexible and uncompetitive state laws and policies that undermine even the best managed municipalities,” added Auterson. “Thanks to the common-sense reforms offered by Rep. Grove, the process will be more fair for municipalities, less costly to taxpayers and ensure family sustaining jobs are retained for future generations of police and firefighters.”

Grove also noted the reform’s benefits for paid police and fire.

“While today we recognize the need to address our communities’ fiscal solvency, this is also about doing right by the men and women who put their lives on the line each and every day to protect their fellow citizens. I know I speak for everyone here when I say that our police and fire personnel exemplify the very best in public service. When this bill becomes law we will have broadened employment opportunities for future uniformed officers and put their pension benefits on an affordable and sustainable path for generations to come.”

Highlights of the Grove reforms include:

- All current employees are held harmless and retain existing rights and benefits at current levels;
- Shifts, for new hires only, to a cash balance “hybrid” plan – a balanced and financially sustainable approach that includes aspects of both defined benefit and defined contribution plans. A hybrid plan, as designed here, also allows existing pension liabilities to be paid down over time and without the need for new revenue;
- Authorizes an optional 457 plan as an additional employee retirement tool;
- Requires pensions to be calculated on base pay only, eliminating the unaffordable practice of “spiking” (which occurs when final base pay calculations include overtime hours and unused sick/vacation days);
- Removes pension benefits from the collective bargaining process;
- Establishes pension plan portability options for new hires; and
- Improves job and pension security for uniformed unions.

One-third of Pennsylvania’s municipal pension plans are considered distressed and almost every county in the state has at least one municipality with a pension plan under a high level of financial stress.

Grove was also joined by other municipal and business leaders from across the state, including: Allentown Mayor Ed Pawlowski, Lower Paxton Township (Dauphin County) Board of Supervisors Chairman William Hawk, Carlisle Borough (Cumberland County) Council President Perry Heath, Tom Baldrige, President and CEO of the Lancaster Chamber of Commerce, Barbara McNees, President of the Greater Pittsburgh Chamber of Commerce, and Dave Black, President and CEO of the Harrisburg Regional Chamber & CREDC.

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Rep. Seth Grove is serving his third term in the State House, representing the 196th District in York County. His legislative committee assignments include Appropriations, Education, Finance, Labor & Industry and Rules. The Coalition for Sustainable Communities (CSC) is a growing alliance of over 35 organizations, including chambers of commerce, professional and community development groups, the Pennsylvania Municipal League, the Pennsylvania State Association of Township Commissioners, the Pennsylvania State Association of Township Supervisors and the County Commissioners Association of Pennsylvania. The CSC was formed in 2011 to help the Commonwealth’s urban, suburban and rural communities address growing economic and budgetary challenges. For more information, as well as a complete listing of Coalition members, visit www.coalitionforsustainablecommunities.com or Facebook at www.facebook.com/CoalitionforSustainableCommunities.

A Rep. Grove press button will be available on the CSC website at www.coalitionforsustainablecommunities.com to conveniently download pension related graphics/data for your coverage use.