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## **MUNICIPAL PENSION REFORM: WHAT A DIFFERENCE A YEAR MAKES**

### ***Reform effort gains shot in arm with Legislative Leadership support***

**HARRISBURG, PA**— Rep. Seth Grove (R-York) was joined today by House Majority Leader Mike Turzai (R-Allegheny), who announced his support for Grove’s municipal pension reform legislation, HB 1581. Business and municipal leaders from across the state, all members of the Coalition for Sustainable Communities, were also present to show their support.

HB 1581 is 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.

Leader Turzai said that if lawmakers in Harrisburg were to address state-level pension distress, it would be a gross oversight to ignore the same problem plaguing cities, townships and boroughs across the state.

“I join Rep. Seth Grove and the dozens of local elected officials from across the state today to endorse the need to address municipal pension distress,” Turzai announced. “I commend Rep. Grove for his work on HB 1581. We cannot fail to act. Only the state legislature can statutorily grant local governments the tools they need to control the costs of spiraling pensions. It is critical to ensure our communities are safe and fiscally sound.”

York Mayor Kim Bracey thanked Rep. Grove for his continued support of York City: “One year ago to the day, our very good friend and neighbor from Dover, Seth Grove, stood with me in York City Hall and committed himself to working with stakeholders across the state to address the municipal pension pandemic. Regional thinkers like Seth Grove understand that when a core community becomes sick the entire region catches a cold.”

Lancaster Mayor Rick Gray explained the financial drain pension costs have had on his city’s budget. “Pension costs in the City of Lancaster have hurt our budget and forced cuts to services including public safety. Since 2007, police personnel expenses in Lancaster have increased by nearly 16% in spite of a 15% reduction in the number of sworn officers over the same time period. Likewise, fire personnel expenses increased by almost 20%, despite a 17% reduction in the number of firefighters. Not surprisingly, current police and fire personnel costs account for

nearly 60% of the city's total budget. Without key reforms, such as HB 1581, local governments and taxpayers are strapped with crushing financial burdens.”

Gray added, "Supporters of HB 1581 include urban Democrats and rural Republicans, and we're all working in our communities to finance core public safety services to taxpayers. Solutions to big problems demand cooperation and bipartisanship. We're calling on members of the Pennsylvania General Assembly to address the municipal pension crises in the same spirit of cooperation and bipartisanship."

“There are over 30 chambers of commerce and business groups that also support municipal pension reform,” said Robert Carl, Executive Director of the Schuylkill Chamber of Commerce. “As a business leader and former county commissioner, I have worked with many of my municipal leaders closely, and I know they have done a solid job holding down expenses while implementing cost-saving reforms. But given the limited tools municipal leaders have to control their pension costs, they will be forced to either borrow or raise taxes to alleviate a structural imbalance that is both expensive and unsustainable.”

Highlights of the Grove reforms include:

- All current employees retain existing rights and benefits at current levels;
- For new hires only, shifts to a cash balance hybrid plan – a balanced and financially sustainable approach that includes aspects of both a defined benefit and a defined contribution plan. 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 and a small percentage of overtime. This will curb the practice of “spiking” or increasing final average salary with excessive overtime 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.

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*The Coalition for Sustainable Communities (CSC) is a growing alliance of over 40 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.*

Online at [www.coalitionforsustainablecommunities.org](http://www.coalitionforsustainablecommunities.org) or [www.facebook.com/CoalitionforSustainableCommunities](https://www.facebook.com/CoalitionforSustainableCommunities)