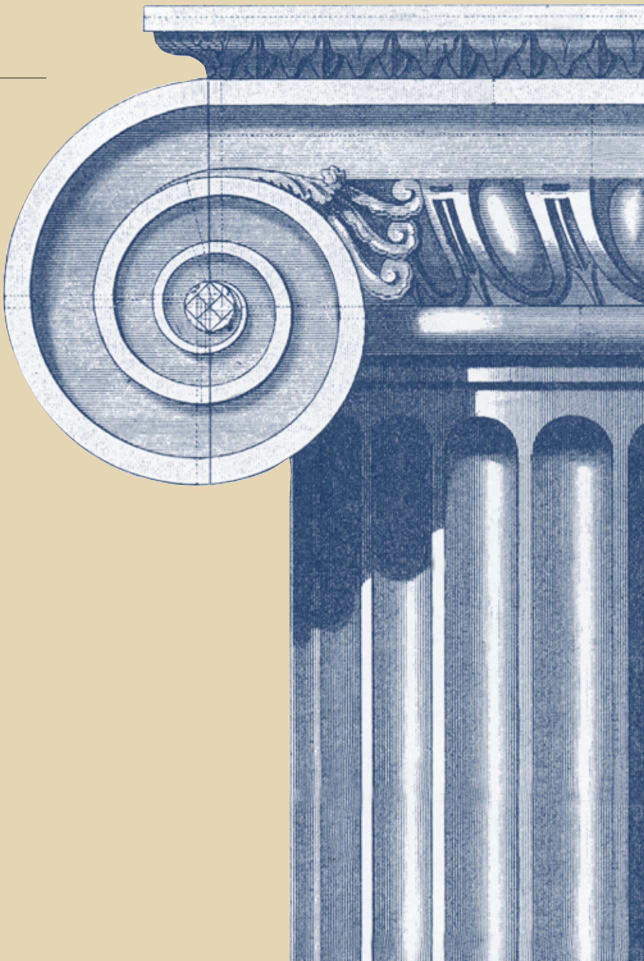
UNIVERSITY OF PITTSBURGH
INSTITUTE OF POLITICS

pensions subcommittee report

What to Do about Municipal Pensions



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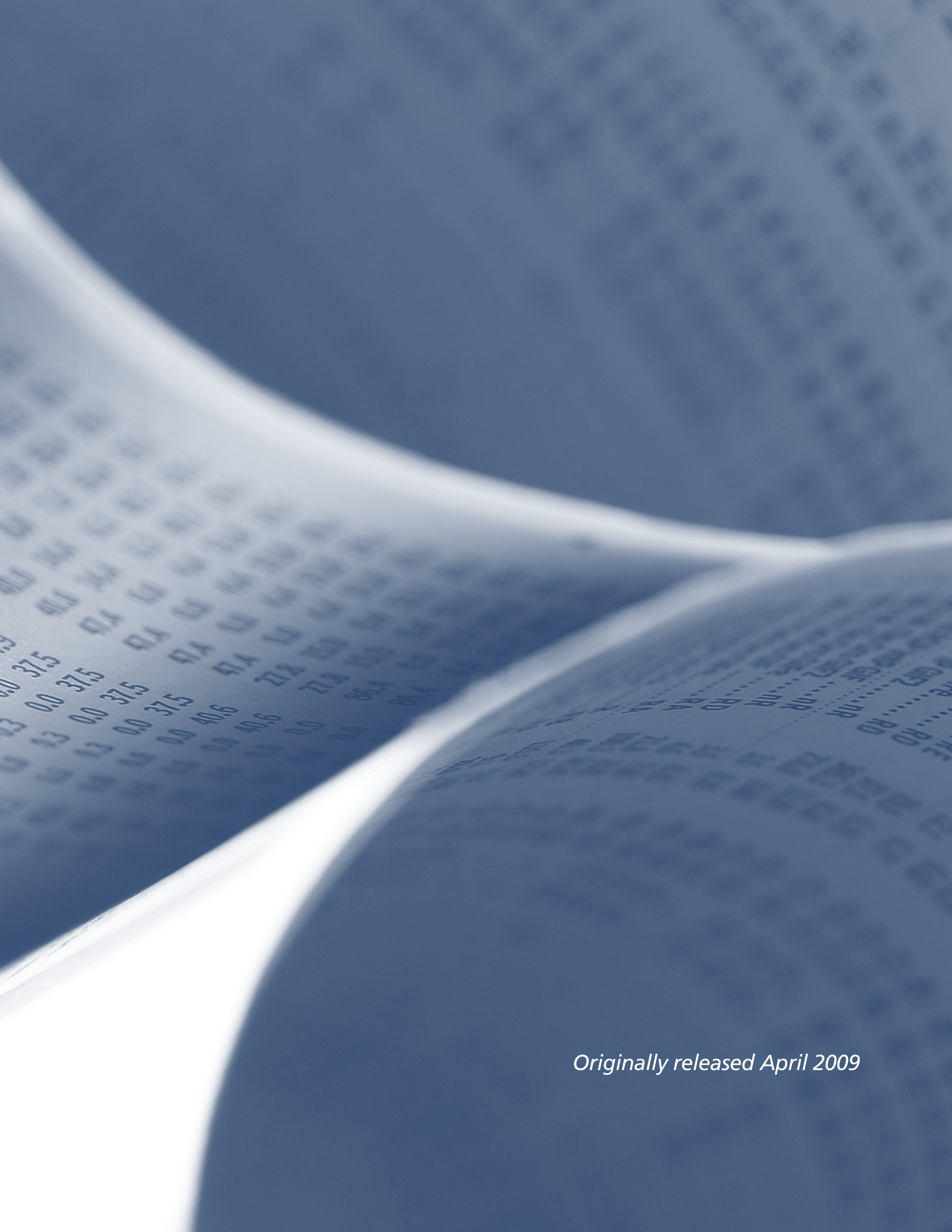


Originally released April 2009

Letter from the Subcommittee Cochairs

As cochairs of the Pensions Subcommittee of the University of Pittsburgh Institute of Politics, we are pleased to release the attached report, *What to Do about Municipal Pensions*.

Underfunded municipal pensions were a serious problem in Pennsylvania before the economic downturn of 2008; they now are part of what could become a spreading municipal financial crisis, especially in our cities. Various proposals have been advanced to address this growing concern. The recommendations presented in this report have been agreed upon by a wide variety of stakeholders. While the recommendations' enactment would not solve all our pension problems, the fact that they achieved consensus support from our subcommittee should make them prime candidates for legislative consideration.

Since the initial release of our report early in 2009, various other legislative proposals have been introduced in the State House of Representatives and Senate.

We want to thank the members of our subcommittee, who are identified in this report, for their participation and contributions. We hope that this report will contribute to constructive discussions of policy changes to municipal pensions in Pennsylvania.

Jane Orie
Member,
Pennsylvania Senate

Dan Frankel
Member,
Pennsylvania House of Representatives

Introduction

Even before the precipitous market decline of late 2008, pension obligations were threatening the long-term fiscal stability of many municipalities. Urban centers with declining populations and unfavorable retiree-to-employee ratios—such as Pittsburgh, where pension fund liabilities represent a big chunk of the city's financial woes—have the most serious problems, but underfunded pension plans can be found in dozens of Pennsylvania municipalities of all sizes.

Budgetary pressures, longer life expectancies, and the state's aging demographics have contributed to these pension problems. In addition, some local governments have incurred pension obligations in good economic times that become harder to sustain when the economy stalls and investment returns drop. The status of pension systems as contractual obligations to employees limits options for change; a defined retirement benefit promised to a 25-year-old new hire today becomes an unbreakable financial obligation that could last far into the future.

In response to the growing awareness of municipal pension problems in Pennsylvania, the Fiscal Policy and Governance Committee of the University of Pittsburgh Institute of Politics formed the Pensions Subcommittee to gather information and consider policy options. The subcommittee, cochaired by State Representative Dan Frankel and State Senator Jane Orie, met 10 times from April 2007 through August 2008. Other subcommittee members were:

Henry Beukema, McCune Foundation

Daniel Booker, Reed Smith LLP

Patrick Browne, Pennsylvania State Senate

Richard Caponi, AFSCME, District Council 84

Brian Ellis, Pennsylvania House of Representatives

Angela Williams Foster, University of Pittsburgh

Christina Gabriel, the Heinz Endowments

William "Pat" Getty, Claude Worthington Benedum Foundation

Marva Harris, PNC Bank, retired

Brian Jensen, Pennsylvania Economy League of Southwestern Pennsylvania

Timothy Johnson, Allegheny County Department of Administrative Services

Gerri Kay, the Pittsburgh Foundation, retired

Joseph King, Pittsburgh Fire Fighters IAFF Local No. 1

Bernard Kozlowski, Public Employee Retirement Commission (PERC)

Scott Kunka, City of Pittsburgh Department of Finance

Michael Lamb, City of Pittsburgh Controller's Office

Jeffrey Lewis, Heinz Family Philanthropies

Bill Lickert, Teamsters Local 205

Marick Masters, University of Pittsburgh

David Matter, Oxford Development Company

David Miller, University of Pittsburgh

Brian Parker, McGuire Woods LLP

In addition, James Allen of the Pennsylvania Municipal Retirement System; Paul Halliwell of PERC; staff of the Pennsylvania Department of the Auditor General; and Elliot Dinkin of Cowden Associates, Inc., an actuarial firm, served as resources to the subcommittee. Institute of Politics staff members Marie Hamblett, Moe Coleman, and Bruce Barron supported the subcommittee's work.

The subcommittee completed a draft report in September 2008. During fall 2008, the Institute of Politics conducted additional outreach to stakeholders, discussing the report's five recommendations and their viability with municipal organizations, business representatives, executive branch staff, and others. The subcommittee recognizes that any legislation based on the recommendations in this report will undergo considerable debate and may require further amendment before it can achieve passage. The subcommittee also recognizes that, because of the current economic downturn, increased revenue from taxes on out-of-state companies' insurance policies (required to fund the redistribution of state pension aid envisioned in recommendation three) may not materialize for some time. Nevertheless, after reviewing the feedback received, the subcommittee still considers its five recommendations to be sound.

This report summarizes the subcommittee's activity and recommendations.

Executive Summary

Background on the subcommittee

- Formed by the Fiscal Policy and Governance Committee of the University of Pittsburgh Institute of Politics to examine policy issues related to significant underfunding of municipal pensions in Pennsylvania
- Cochaired by State Representative Dan Frankel and State Senator Jane Orie, with membership from business, labor, government, academia, and philanthropy
- Met 10 times from April 2007 through August 2008

Current status of municipal pension plans: Key issues

- Enormous number of separate local government pension plans—more than 3,000, including more than 2,500 municipal plans
- Inefficiency and high administrative costs, especially in smaller plans
- Significant underfunding, most notably in, but by no means limited to, large cities
- Underfunding as a long-term risk to municipalities' ability to carry out necessary operations
- All but one State Senate district having at least one underfunded plan
- Portability problem
- Wide variance in management: 800 plans managed by the Pennsylvania Municipal Retirement System; many others managed independently
- Substantial state funding (through tax on out-of-state insurance policies sold in Pennsylvania) providing full-cost reimbursement for hundreds of plans

How existing law addresses underfunding

- The Pennsylvania General Assembly became concerned about growing unfunded pension liabilities in the 1970s and 1980s.
- Act 205 of 1984, as amended, requires municipalities to fulfill pension obligations on a 30-year amortization plan (40 years for distressed municipalities).
- Public Employee Retirement Commission reviews plans to verify that municipal contributions comply with funding obligations.
- Pittsburgh and Philadelphia received relief from the General Assembly in 1998, in the form of delayed amortization plan, favorable accounting assumptions, and bonding authority.

Key subcommittee findings

- It is easier to address the asset side of pension funds (i.e., investment management) than the liability side (pension benefits), as promised benefits represent an inviolable commitment to employees.
- Municipalities and state legislators frequently face political pressure to increase benefits. Conversely, it is difficult to pass legislation delaying eligibility for pension benefits, despite increases in life expectancy that lead to higher pension expenditures.
- State pension aid is generous, but any attempt to revise it to assist underfunded plans risks being criticized as a bailout.
- Defined benefit (rather than defined contribution) pension structures are required by state law for many plans and preferred by labor.
- Consolidating plans is difficult because of the various plans and their differing benefit structures; consolidating the administration of plans is more achievable.

Legislative options considered

1. Continuing education for investment officers
2. Consolidation of pension plans (several possible approaches were discussed, including consolidation with the Pennsylvania Municipal Retirement System (PMRS), requiring underfunded and underperforming plans to transfer their assets to state management, or setting a timetable for mandatory consolidation of plans depending on their size)
3. Altering the state pension aid formula
4. Fiduciary responsibility standards
5. Limiting benefit increases by already-underfunded pension plans
6. Relationship between defined-contribution and defined-benefit structures
7. Application of overtime pay to final salary for pension benefit purposes
8. Adjusting formulas for calculating final salary
9. Changing rules governing retirement age
10. Enforcing full funding of plan obligations more strictly

Legislative recommendations

1. Continue education for investment officers
2. Consolidate pension plan administration within PMRS
3. Revise the state aid formula to freeze the unit cost reimbursement at its current rate, require all plans to pay a portion of pension costs, and place leftover revenues in a pool for merit-based distribution to distressed municipal plans
4. Pass fiduciary responsibility legislation to hold professional advisors to a higher fiduciary standard, require that fiduciaries be bonded, impose greater consistency with regard to the assumptions made in actuarial reports, require more detailed reporting from plans that are less than 75 percent funded, and require municipalities to make quarterly contributions to their plans rather than end-of-year contributions
5. Prohibit underfunded pension plans from increasing benefits

The Current Status of Municipal Pensions in Pennsylvania

Lots of plans. As of 2007, Pennsylvania had 3,160 separate pension plans, most of them very small (67 percent of them had 10 or fewer members). This number represents more than one-fourth of the nation's public employee plans. Half of these plans were created after 1974. Of the 3,160 plans, 2,536 are operated by municipalities, 491 by authorities, 72 by counties, and 61 by councils of governments. Overall, Pennsylvania local government pension plans represented 135,000 members and owned more than $18 billion in assets as of the publication of PERC's 2007 Status Report.

Underfunding. There are perhaps 200 underfunded pension plans in Pennsylvania, depending on the criteria used. The Pennsylvania Economy League has prepared maps (see Appendix, Figure 1) identifying the plans that meet one of two criteria for severe underfunding: (1) the ratio of assets to liabilities is less than 70 percent or (2) unfunded liabilities exceed annual payroll. Using these criteria, all but one of Pennsylvania's 50 State Senate districts contained at least one underfunded pension plan.

Lack of efficiency and portability. The enormous number of separate pension plans creates costly inefficiencies. The smallest independently managed plans have significantly higher administrative costs per member (see Appendix, Figure 2). Moreover, police organizations have long complained that the lack of a unified system prevents officers from taking their accumulated pension with them to a new job. Nevertheless, efforts to combine municipal pension plans have been largely unsuccessful.

Management. The experience and abilities of fund administrators vary widely. So do investment policies, as some plans pursue more risky investments in search of higher returns while others are conservative. More than 800 plans have chosen to invest their funds through the Pennsylvania Municipal Retirement System, but hundreds of others continue to manage their own portfolios.

Significant state funding. Since the passage of Act 205 in 1984, municipal pension funds have received state aid financed by a tax on insurance policies sold in Pennsylvania by out-of-state companies. The total amount of state aid coming from this funding stream exceeds $200 million per year. Nearly half of the plans eligible for state aid receive full reimbursement of their pension costs, thereby removing municipalities' motivation to control costs.

The Underfunding Problem and the General Assembly's Response

Although irresponsible management certainly has contributed to some of the municipal pension problems, demographic shifts also have played a role in the largest funding gaps. Whereas newly developed, growing suburbs have few retired workers to support, large cities with declining populations may have as many retirees as current employees (see Appendix, Figure 3). Their pension plans are paying out more money than they receive in current employee contributions, and their tax base is shrinking.

Many municipalities' plans have become seriously underfunded and have fallen into the undesirable practice of relying on current plan contributions to cover obligations to employees who have already retired, rather than fully funding employees' actuarially anticipated benefits during the period of their active employment. Other causes of underfunding have included retroactive benefit increases, failure to comprehend the actual cost of benefit improvements, and too-hopeful investment performance assumptions.

During the 1970s, serious concerns arose regarding the extent to which municipal pension plans in Pennsylvania were becoming underfunded. By 1984, this underfunding had reached an estimated statewide total of $2.9 billion. When the General Assembly created the Public Employee Retirement Study Commission in 1981, it asked the commission to propose legislation that would address these funding deficiencies. In January 1983, the Commission responded with a report recommending the enactment of required actuarial funding standards to be applied to all plans.

In November 1984, the General Assembly enacted such standards as part of Act 205, requiring municipalities to make payments on a schedule that would address any underfunding within 30 years. It also created a state aid system that distributes available funds to municipalities based on their number of full-time employees, with each police officer or firefighter counting as two units and each nonuniformed employee as one unit. Act 205 offered some remedies to distressed municipalities, including a supplemental funding program (which expired in 2003) and the right to set up a 40-year rather than a 30-year funding schedule.

Under Act 205, the Department of the Auditor General is responsible for certifying accuracy of employee unit counts and for calculating disbursement of state aid. Each municipality is responsible for calculating, with the assistance of an actuary, the minimum municipal obligation (MMO) that must be budgeted each year to fulfill the fund's amortization schedule. The Public Employee Retirement Commission (PERC) is responsible for verifying that municipalities are making the appropriate contribution. PERC analyzes the data submitted by municipal pension plans every two years, advises municipalities and the auditor general's office of funding deficiencies, and publishes these deficiencies in its biennial Status Reports. According to PERC's 2007 Status Report, the prevalence of funding deficiencies has declined substantially since the enactment of Act 205; this report found noncompliance with the actuarial funding standard in 74 municipal plans, or less than 4 percent of the 2,228 defined benefit municipal plans in existence at that time.

In 1998, the General Assembly granted additional flexibility to both Pittsburgh and Philadelphia by way of amendments to Act 205. Pittsburgh was permitted to restart its amortization as of 1998, on a new 40-year timetable and with the assumption of a 10 percent interest rate. Philadelphia received a new 30-year amortization timetable and bonding authority.

As of the publication of PERC's 2007 Status Report, the unfunded liabilities of Pennsylvania's municipal pension plans totaled approximately $6.8 billion.

Purpose and Mission of the Subcommittee

At its outset, the Subcommittee recognized that reforming municipal pensions could be an important means of promoting government efficiency. The Subcommittee identified several prominent problems with the present system:

- Rising pension costs, making it increasingly difficult for many municipalities with unfunded pension systems to continue completing the other functions of government
- Lack of pension portability
- Administrative inefficiencies and disparities
- Deficiencies in the statutory framework governing pensions

The subcommittee established two goals: (1) to develop a series of pragmatic policy recommendations to address these problems and (2) to propose ways to educate Pennsylvanians about the problem.

Limitations on the Subcommittee's Scope of Work

The subcommittee's focus on finding pragmatic solutions to municipal pension problems meant that it did not focus on several other areas:

- The subcommittee examined only municipal pensions, not county, state, or public school employee pensions.
- The subcommittee did not deal with retiree health care costs, which ultimately could pose an even more serious fiscal problem at the municipal level than pensions.
- The subcommittee looked for policy solutions that could achieve support from a broad consensus of stakeholders and that thereby have a reasonable chance of passage. Thus, for example, the subcommittee did not review the provisions in Act 111 of 1968 that govern binding arbitration for municipal employees. Some organizations have expressed dissatisfaction with these provisions, but altering them would be difficult except in special cases such as when a municipality is distressed (as already provided under Act 47 of 1987, as amended) or when a pension plan is seriously underfunded (as envisioned in recommendation five of this report).

Subcommittee Activities

The subcommittee received various presentations on issues related to municipal pension policy and directed Institute of Politics staff members to research policy options implemented across the country. From this research, the subcommittee generated a set of 10 possible policy options; obtained input on these policy options from various stakeholder groups, including municipal organizations and labor unions; and drew on this input in developing a list of policy recommendations.

Key Facts

The subcommittee engaged in lengthy and extensive policy discussions. (Meeting summaries and policy analyses prepared for the subcommittee are available on request.) Along the way, important considerations guiding the subcommittee to its policy recommendations included the following:

- Ways to address underfunding problems fall into two basic categories: increasing assets and decreasing liabilities.
- Of these two, the liability side is the much harder one to address, as pension benefits promised to all current employees are inviolable. Benefit changes can be applied only to employees hired after the changes take place.
- Municipal and state officials generally face greater political pressure to increase employee benefits than to constrain them.

- The state pension aid formula is very generous, providing full cost reimbursement to hundreds of plans, including many in newer, financially healthy suburbs with modest legacy costs. However, any attempt to redistribute state funds will face strong opposition, particularly to the extent that it is seen as a bailout of municipalities that failed to fund their pension plans responsibly.
- Municipal pension structures take into consideration that many municipal employees have physically demanding and (for police and firefighters) hazardous jobs. In addition, some municipal employees do not participate in Social Security.
- Act 205 already contains suitable provisions to require municipalities to eliminate unfunded liabilities, although the General Assembly has granted significant exceptions to Pittsburgh and Philadelphia.
- Defined-contribution plans (under which the employer places a certain amount of money each month in active employees' pension accounts) have more predictable fiscal obligations than defined-benefit plans (under which retirees are guaranteed a certain monthly payment, based on salary level and longevity of employment, from retirement until death). However, defined-benefit plans better fulfill the original purpose of pension plans (to provide retirement security) and are preferred by labor.
- Despite increasing life expectancies, it is difficult to enact legislation that would raise the retirement age or tighten eligibility requirements for retirement.
- Consolidating existing pension plans is onerous because the plans contain different benefit structures that cannot be altered for present employees. However, it is possible to consolidate administration of pension plans without consolidating benefit structures.

Options Reviewed

The subcommittee considered the following policy areas in its review:

1. Continuing education for investment officers
2. Consolidation of pension plans (several possible approaches were discussed, including consolidation with the Pennsylvania Municipal Retirement System, requiring underfunded and underperforming plans to transfer their assets to state management, or setting a timetable for mandatory consolidation of plans depending on their size)
3. The state pension aid formula
4. Fiduciary responsibility standards
5. Limiting benefit increases by already-underfunded pension plans
6. Relationship between defined-contribution and defined-benefit structures
7. Application of overtime pay to final salary for pension benefit purposes
8. Formula for calculating final salary
9. Rules governing retirement age
10. Enforcing full funding of plan obligations more strictly

The subcommittee determined that it could not make viable recommendations for policy change in areas 6 through 9. With regard to defined-contribution vs. defined-benefit plans (area 6), subcommittee members did not reach consensus but recognized the need to balance labor's concerns for pension security with municipalities' concerns for controlling costs. Several members of the subcommittee intend to continue pursuing policy options in this area.

The subcommittee further determined that existing legislation is sufficient to result in full funding of plan obligations (policy area 10), provided that state agencies continue to enforce adherence to MMOs and that the General Assembly does not continue to grant generous loopholes such as the relief given to Pittsburgh and Philadelphia in 1998. Accordingly, the subcommittee's recommendations focus on the first five of the policy areas listed. (These recommendations are presented in the order in which the subcommittee reviewed them, not in order of priority.)

Recommendations

1. Continuing education for investment officers. The subcommittee believes it is reasonable to expect that those responsible for managing local governments' investment decisions be properly trained. Therefore, it proposes requiring each local government to designate an "investment officer" and requiring municipal treasurers and investment officers to receive at least six hours a year of continuing education on investment responsibilities. This training also should cover GASB 43 and 45, the accounting standards adopted in 2004 that cover accounting and financial reporting of other post-employment benefits (OPEB) offered by government employers and their benefit plans.

2. Consolidation of local government pension plans within the Pennsylvania Municipal Retirement System (PMRS). Most of the arguments for consolidation of local government plans are actually calls for administrative consolidation, not necessarily for standardization of benefits. Accordingly, the desired policy goals, such as portability and administrative efficiency, could be achieved by consolidating asset administration (but not benefit structures) through the transition of all plans to PMRS management. PMRS already administers hundreds of plans with different benefit structures and, should the state mandate consolidation, would be the logical vehicle to manage the plans.

The subcommittee believes that such a consolidation could proceed more smoothly if implemented incrementally—e.g., incorporating all plans with fewer than 10 employees over the first three years, then plans of 10–20 employees, and completing the consolidation over a 12-year period.

Currently, a municipality wishing to place its plan under PMRS management must receive approval from 75 percent of its employees, so a mandatory statewide consolidation within PMRS would require a change of this policy.

PMRS currently awards member plans a regular interest rate of 6 percent each year, plus an excess interest dividend in years when investment performance provides a sufficient surplus. In years where PMRS awards excess interest dividends, it may be desirable to enact a requirement that municipalities with seriously underfunded pension plans must use the dividend to reduce unfunded liability, not to provide additional benefits to plan members, until the pension plan attains a minimum funding ratio of at least 80 percent (see recommendation five below) and is on a clear path to reaching a 100 percent funded ratio.

Some municipalities with fully funded, effectively managed plans may object to consolidation. The subcommittee believes an opt-out provision for plans that are fully funded and that have achieved long-term returns comparable to those of PMRS would certainly be appropriate.

3. State aid formula revision. The subcommittee recommends the following changes to the provisions governing state aid to municipal pensions:

- Require all local governments to pay a portion of their pension plan costs.
- Freeze the unit cost reimbursement at the current amount, which was $3,186 in 2008.

In the event that insurance revenue drops, the unit cost reimbursement should be recalculated and set at a new, lower amount. However, it should not be increased for a defined period of five or 10 years.

The extra funds generated by holding the unit cost reimbursement rate steady as insurance revenue increases could be placed in a pool for distribution to distressed municipalities. Reimbursement could be based on a formula that accounts for factors such as local financial participation, investment performance, or responsible management practices.

Municipalities that have substantial obligations to retired workers but whose reimbursement amount is dropping due to cuts in the current workforce could be considered for supplemental assistance.

4. Fiduciary responsibility legislation. The subcommittee recommends that the General Assembly consider enacting several measures that would enhance the level of fiduciary responsibility required of pension plans and their managers. Such measures include:

- Holding professional advisors of municipal pension plans to a higher fiduciary standard;
- Requiring that pension plan fiduciaries be bonded;
- Imposing greater consistency upon the assumptions made in actuarial valuation reports, so as to permit more uniform identification of pension plans' funding ratios or the impact of proposed benefit increases;
- Requiring plans that are less than 75 percent funded to report in greater detail on their obligations to retirees;
- Requiring municipal contributions to pension plans on a quarterly rather than an end-of-year basis.

5. Prohibit underfunded plans from increasing benefits. The subcommittee recommends that Pennsylvania follow Missouri's example by enacting legislation that prohibits municipalities from authorizing pension benefit increases unless their pension plan would be at least 80 percent funded after taking the increased liability into account. Such a provision would prevent municipalities still catching up on prior underfunding of plans from approving further benefits that they could not easily afford.

Educating the Public on Pension Needs

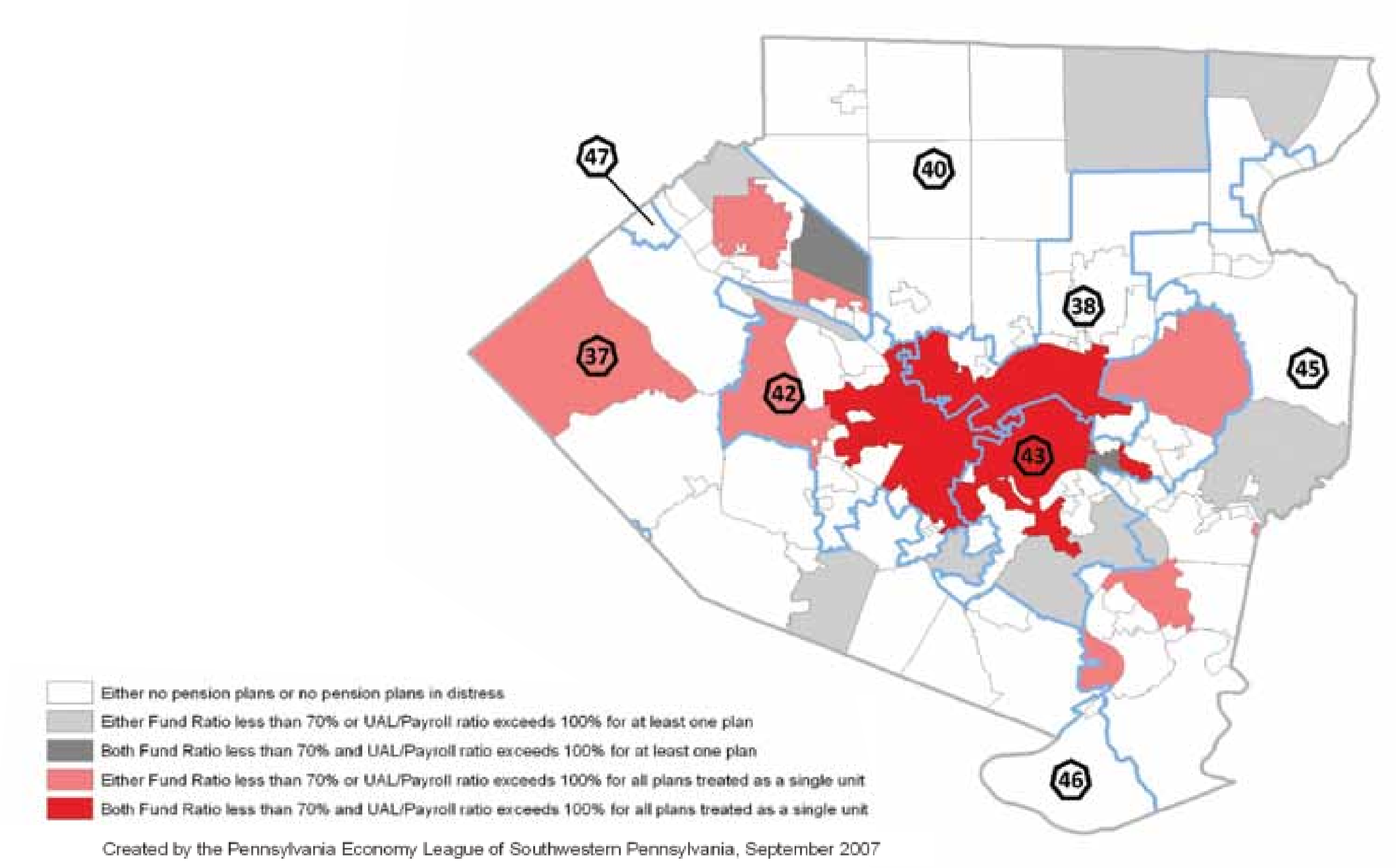
It is difficult to engage the general public in discussions of municipal pensions. Beyond the pension beneficiaries themselves, municipal governments, labor organizations, public agencies (such as the Pennsylvania Municipal Retirement System, Public Employees Retirement Commission, and state employee retirement systems), and professional actuaries are the only direct stakeholders; others are concerned only to the extent that public pension costs may affect their taxes or seriously impair government operations.

The subcommittee encourages ongoing public outreach (using this report and perhaps other communication tools) to build support for policy actions that would make Pennsylvania's municipal pension system more sustainable.

Appendices

Figure 1: Pennsylvania Economy League pension distress maps
NOTE: Figures 1a–1d show the location of underfunded pension plans by Pennsylvania State Senate and State House districts as of 2007. The lists of legislators have been updated to reflect the 2008 election.
Figure 2: Per Member Administrative Cost for Selected Municipal Pension Plans Based on Pension Plan Size
Figure 3: Ratio of Active Members to Beneficiaries

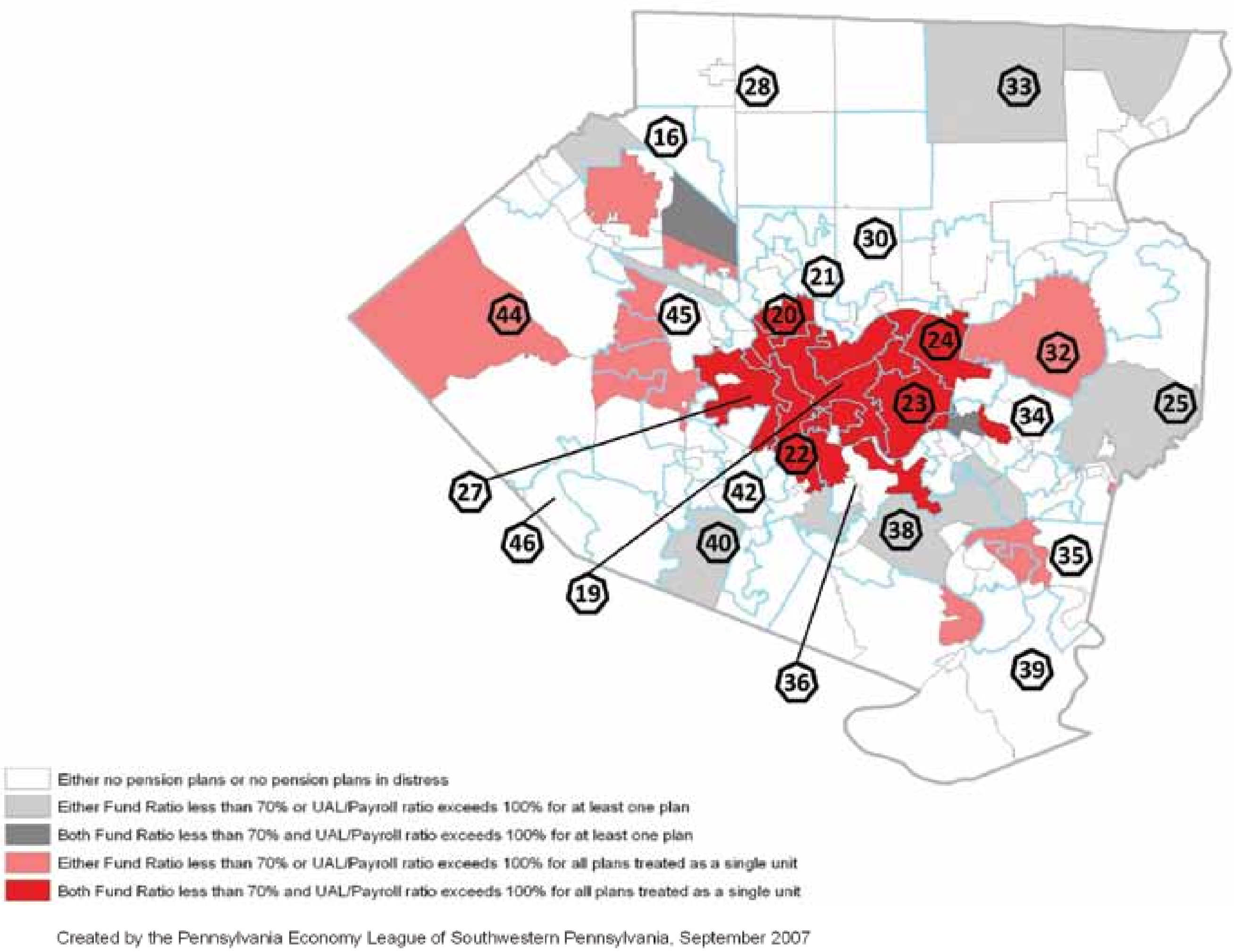
Figure 1a: Allegheny County State Senate Districts



Allegheny County State Senate Districts:

37 Pippy, John (R)
38 Ferlo, Jim (D)
40 Orie, Jane Clare (R)
42 Fontana, Wayne D. (D)
43 Costa, Jay (D)
45 Logan, Sean (D)
46 Stout, J. Barry (D)
47 Vogel, Elder A., Jr. (R)

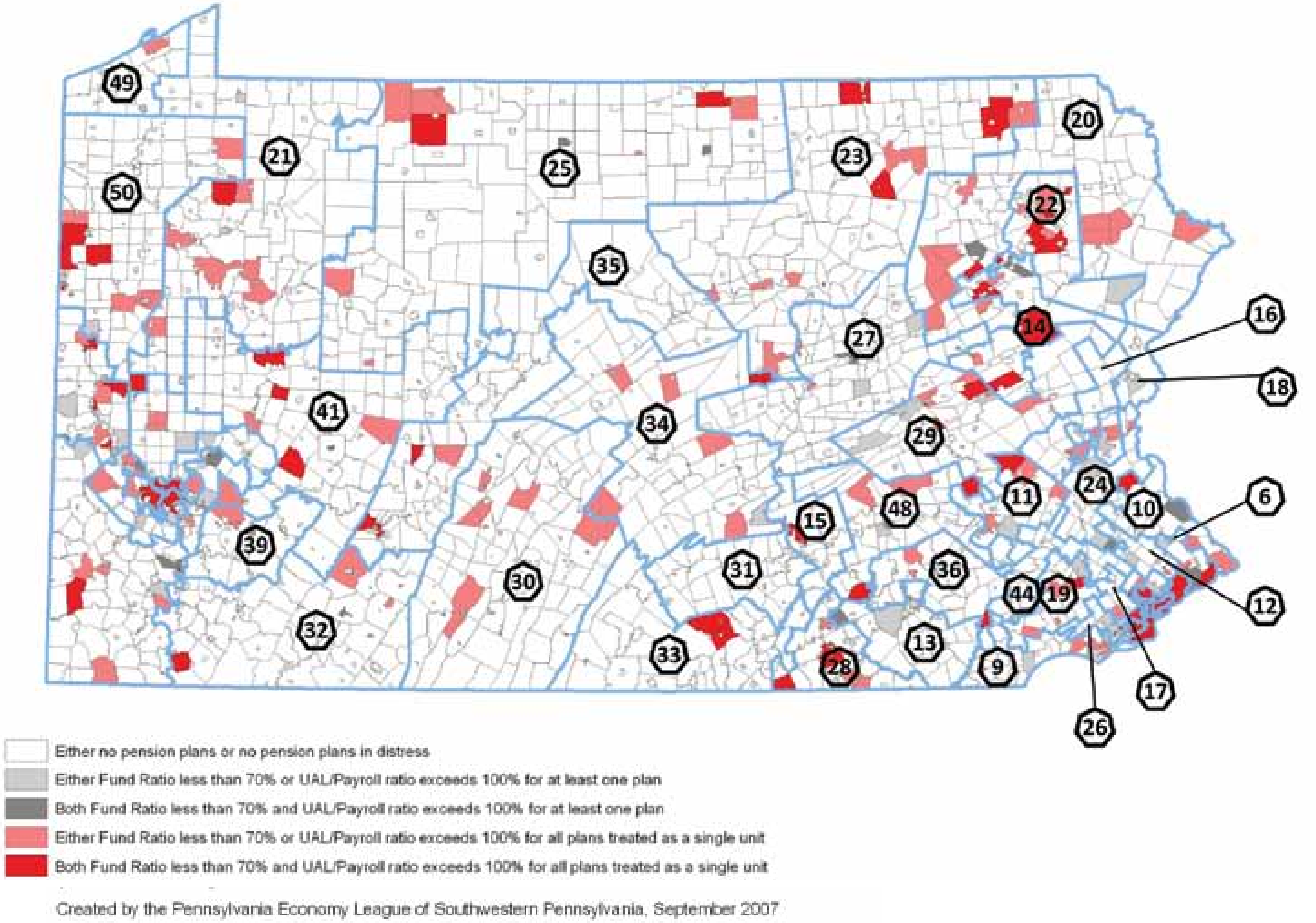
Figure 1b: Allegheny County State House Districts



Allegheny County State House Districts

16 Matzie, Robert F. (D)
19 Wheatley, Jake (D)
20 Walko, Don (D)
21 Costa, Dom (D)
22 Wagner, Chelsa (D)
23 Frankel, Dan (D)
24 Preston, Joseph, Jr. (D)
25 Markosek, Joseph F. (D)
27 Deasy, Daniel J. (D)
28 Turzai, Mike (R)
30 Vulakovich, Randy (R)
32 DeLuca, Anthony M. (D)
33 Dermody, Frank (D)
34 Costa, Paul (D)
35 Gergely, Marc J. (D)
36 Readshaw, Harry (D)
38 Kortz, II, William C. (D)
39 Levdansky, David K. (D)
40 Maher, John (R)
42 Smith, Matthew (D)
44 Mustio, T. Mark (R)
45 Kotik, Nick (D)
46 White, Jesse (D)

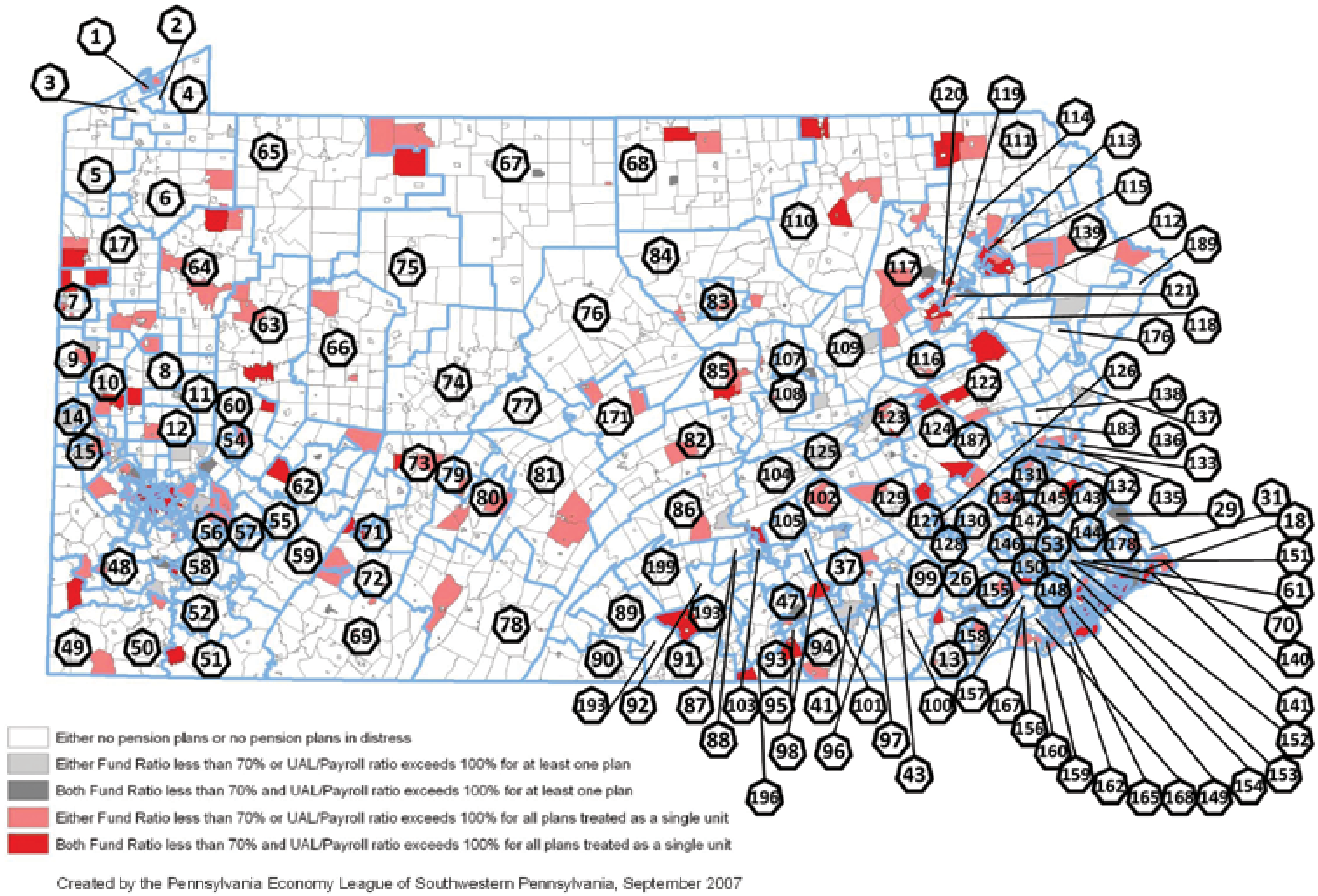
Figure 1c: Pennsylvania State Senate Districts



Pennsylvania State Senate Districts

1 Farnese, Lawrence M., Jr. (D)
2 Tartaglione, Christine M. (D)
3 Kitchen, Shirley M. (D)
4 Washington, Leanna M. (D)
5 Stack, Michael J. (D)
6 Tomlinson, Robert M. (R)
7 Hughes, Vincent J. (D)
8 Williams, Anthony H. (D)
9 Pileggi, Dominic (R)
10 McIlhinney, Charles T., Jr. (R)
11 O'Pake, Michael A. (D)
12 Greenleaf, Stewart J. (R)
13 Smucker, Lloyd K. (R)
14 Musto, Raphael J. (D)
15 Piccola, Jeffrey E. (R)
16 Browne, Patrick M. (R)
17 Leach, Daylin (D)
18 Boscola, Lisa M. (D)
19 Dinniman, Andrew E. (D)
20 Baker, Lisa (R)
21 White, Mary Jo (R)
22 Mellow, Robert J. (D)
23 Yaw, Gene (R)
24 Wonderling, Robert C. (R)
25 Scarnati, Joseph B., III (R)
26 Erickson, Edwin B. (R)
27 Gordner, John R. (R)
28 Waugh, Michael L. (R)
29 Argall, David G. (R)
30 Eichelberger, John H. (R)
31 Vance, Patricia H. (R)
32 Kasunic, Richard A (D)
33 Alloway, Richard L., II (R)
34 Corman, Jake (R)
35 Wozniak, John N. (D)
36 Brubaker, Michael W. (R)
37 Pippy, John (R)
38 Ferlo, Jim (D)
39 Ward, Kim L. (R)
40 Orie, Jane Clare (R)
41 White, Donald C. (R)
42 Fontana, Wayne D. (D)
43 Costa, Jay (D)
44 Rafferty, John C., Jr. (R)
45 Logan, Sean (D)
46 Stout, J. Barry (D)
47 Vogel, Elder A., Jr. (R)
48 Folmer, Mike (R)
49 Earll, Jane M. (R)
50 Robbins, Robert D. (R)

Figure 1d: Pennsylvania State House Districts



Pennsylvania State House Districts

1 Harkins, Patrick J. (D)
2 Fabrizio, Florindo J. (D)
3 Hornaman, John (D)
4 Sonney, Curtis G. (R)
5 Evans, John R. (R)
6 Roae, Brad (R)
7 Longietti, Mark (D)
8 Stevenson, Richard R. (R)
9 Sainato, Chris (D)
10 Gibbons, Jaret (D)
11 Ellis, Brian L. (R)
12 Metcalfe, Daryl D. (R)
13 Houghton, Tom (D)
14 Marshall, Jim (R)
15 Christiana, Jim (R)
16 Matzie, Robert F. (D)
17 Brooks, Michele (R)
18 DiGirolamo, Gene (R)
19 Wheatley, Jake (D)
20 Walko, Don (D)
21 Costa, Dom (D)
22 Wagner, Chelsa (D)
23 Frankel, Dan (D)
24 Preston, Joseph, Jr. (D)
25 Markosek, Joseph F. (D)
26 Hennessey, Tim (R)
27 Deasy, Daniel J. (D)
28 Turzai, Mike (R)
29 O'Neill, Bernie (R)
30 Vulakovich, Randy (R)
31 Santarsiero, Steven J. (D)
32 DeLuca, Anthony M. (D)
33 Dermody, Frank (D)
34 Costa, Paul (D)
35 Gergely, Marc J. (D)
36 Readshaw, Harry (D)
37 Creighton, Tom C. (R)
38 Kortz, William C., II (D)
39 Levdansky, David K. (D)
40 Maher, John (R)
41 True, Katie (R)
42 Smith, Matthew (D)
43 Boyd, Scott W. (R)
44 Mustio, T. Mark (R)
45 Kotik, Nick (D)
46 White, Jesse (D)
47 Gillespie, Keith (R)
48 Solobay, Timothy J. (D)
49 Daley, Peter J. (D)
50 DeWeese, H. William (D)
51 Mahoney, Tim (D)
52 Kula, Deberah (D)
53 Godshall, Robert W. (R)
54 Pallone, John E. (D)

55 Petrarca, Joseph A. (D)
56 Casorio, James E. (D)
57 Krieger, Tim (R)
58 Harhai, R. Ted (D)
59 Reese, Mike (R)
60 Pyle, Jeffrey P. (R)
61 Harper, Kate (R)
62 Reed, Dave (R)
63 Oberlander, Donna (R)
64 Hutchinson, Scott E. (R)
65 Rapp, Kathy L. (R)
66 Smith, Samuel H. (R)
67 Causer, Martin T. (R)
68 Baker, Matthew E. (R)
69 Metzgar, Carl Walker (R)
70 Bradford, Matthew D. (D)
71 Barbin, Bryan (D)
72 Burns, Frank (D)
73 Haluska, Gary (D)
74 George, Camille Bud (D)
75 Gabler, Matt (R)
76 Hanna, Michael K. (D)
77 Conklin, H. Scott (D)
78 Hess, Dick L. (R)
79 Geist, Richard A. (R)
80 Stern, Jerry (R)
81 Fleck, Mike (R)
82 Harris, C. Adam (R)
83 Mirabito, Rick (D)
84 Everett, Garth D. (R)
85 Fairchild, Russell H. (R)
86 Keller, Mark K. (R)
87 Grell, Glen R. (R)
88 DeLozier, Sheryl M. (R)
89 Kauffman, Rob W. (R)
90 Rock, Todd (R)
91 Moul, Dan (R)
92 Perry, Scott (R)
93 Miller, Ron (R)
94 Saylor, Stan (R)
95 DePasquale, Eugene (D)
96 Sturla, P. Michael (D)
97 Bear, John C. (R)
98 Hickernell, David S. (R)
99 Denlinger, Gordon (R)
100 Cutler, Bryan (R)
101 Gingrich, Mauree (R)
102 Swanger, RoseMarie (R)
103 Buxton, Ron (D)
104 Helm, Susan C. (R)
105 Marsico, Ron (R)
106 Payne, John D. (R)
107 Belfanti, Robert E., Jr. (D)
108 Phillips, Merle H. (R)
109 Millard, David R. (R)
110 Pickett, Tina (R)
111 Major, Sandra (R)
112 Smith, Ken (D)
113 Murphy, Kevin P. (D)
114 Wansacz, James (D)
115 Staback, Edward G. (D)
116 Eachus, Todd A. (D)
117 Boback, Karen (R)
118 Carroll , Mike (D)
119 Yudichak, John T. (D)
120 Mundy, Phyllis (D)
121 Pashinski, Eddie Day (D)
122 McCall, Keith R. (D)
123 Goodman, Neal (D)
124 Knowles, Jerry (R)
125 Seip, Tim (D)
126 Santoni, Dante, Jr. (D)
127 Caltagirone, Thomas R. (D)
128 Rohrer, Sam (R)
129 Cox, Jim (R)
130 Kessler, David R. (D)
131 Beyer, Karen D. (R)
132 Mann, Jennifer (D)
133 Brennan, Joseph F. (D)
134 Reichley, Douglas G. (R)
135 Samuelson, Steve (D)
136 Freeman, Robert (D)
137 Grucela, Richard T. (D)
138 Dally, Craig A. (R)
139 Peifer, Michael (R)
140 Galloway, John T. (D)
141 Melio, Anthony J. (D)
142 Farry, Frank A. (R)
143 Quinn, Marguerite (R)
144 Watson, Katharine M. (R)
145 Clymer, Paul I. (R)
146 Quigley, Thomas J. (R)
147 Mensch, Bob (R)
148 Gerber, Michael (D)
149 Briggs, Tim (D)
150 Vereb, Mike (R)
151 Taylor, Rick (D)
152 Murt, Thomas P. (R)
153 Shapiro, Josh (D)
154 Curry, Lawrence H. (D)
155 Schroder, Curt (R)
156 McIlvaine Smith, Barbara (D)
157 Drucker, Paul J. (D)
158 Ross, Chris (R)
159 Kirkland, Thaddeus (D)
160 Barrar, Stephen (R)
161 Lentz, Bryan R. (D)
162 Miccarelli, Nick (R)
163 Micozzie, Nicholas A. (R)
164 Civera, Jr., Mario J. (R)
165 Adolph, William F., Jr. (R)
166 Vitali, Greg (D)
167 Milne, Duane (R)
168 Killion, Thomas H. (R)
169 O'Brien, Dennis M. (R)
170 Boyle, Brendan F. (D)
171 Benninghoff, Kerry A. (R)
172 Perzel, John M. (R)
173 McGeehan, Michael P. (D)
174 Sabatina, John P., Jr. (D)
175 O'Brien, Michael H. (D)
176 Scavello, Mario M. (R)
177 Taylor, John (R)
178 Petri, Scott A. (R)
179 Payton, Tony J., Jr. (D)
180 Cruz, Angel (D)
181 Thomas, W. Curtis (D)
182 Josephs, Babette (D)
183 Harhart, Julie (R)
184 Keller, William F. (D)
185 Donatucci, Robert C. (D)
186 Johnson, Kenyatta J. (D)
187 Day, Gary (R)
188 Roebuck, James R., Jr. (D)
189 Siptroth, John J. (D)
190 Brown, Vanessa Lowery (D)
191 Waters, Ronald G. (D)
192 Bishop, Louise Williams (D)
193 Tallman, Will (R)
194 Manderino, Kathy (D)
195 Oliver, Frank Louis (D)
196 Grore, Seth M. (R)
197 Williams, Jewell (D)
198 Youngblood, Rosita C. (D)
199 Gabig, Will (R)
200 Parker, Cherelle L. (D)
201 Myers, John (D)
202 Cohen, Mark B. (D)
203 Evans, Dwight (D)

Figure 2: Per Member Administrative Cost for Selected Municipal Pension Plans Based on Pension Plan Size

Pension Plan Size	Per Member Administrative Cost
10 or Fewer Active Members	$1,519.86
11 to 100 Active Members	$1,002.99
More Than 100 Active Members	$362.76
More Than 500 Active Members	$302.74

Source: *PERC Status Report on Local Government Pension Plans*, December 2008, page 6

Figure 3: Ratio of Active Members to Beneficiaries

	Ratio
Cities	1:1.2
Boroughs	1:0.5
First Class Townships	1:0.5
Second Class Townships	1:0.3

Source: Presentation to Institute of Politics Pensions Subcommittee by Allegheny Conference on Community Development, April 2007

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PENSIONS SUBCOMMITTEE REPORT

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