



Bucks County Association of Township Officials

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November 23, 2015

Honorable Patrick M. Browne
Senate Box 203016
Harrisburg, PA 17120-3016

RE: House Bill 414

Dear Senator Browne,

Please allow this letter to serve as an official letter of support from the Bucks County Association of Township Officials (BCATO) in regards to House Bill 414, which is now before the Senate Appropriations Committee. The bill was favorably amended and reported from the Senate Finance Committee on November 18 to include comprehensive municipal uniformed-union pension reform. BCATO is comprised of 30 townships of the second class and represents the legislative interests of its supervisors, managers, tax collectors and auditors.

Police and fire personnel deserve now, and in the years to come, pension plans that are fiscally sound, secure and sustainable. In order to ensure that local governments are able to provide benefits today and into the future, **municipal pension reform is necessary.**

The reforms embodied in HB 414 are critical as uniformed-union, public safety costs are frequently the largest portion of a municipal budget, and those costs continue to grow beyond taxpayers' fiscal sustainability. The consequences of widespread, underfunded pension systems mean less public safety personnel, more municipal debt, higher taxes and less attractive communities.

The following Task Force recommendations have been adopted with the amendment to HB 414 requiring that all municipal plans:

- shall use an assumed actuarial rate of return not to exceed PMRS rate + 1 within 10 years (except current and future PMRS member plans which shall maintain exact PMRS rate);
- shall pay full annual Minimum Municipal Obligation (MMO) or lose Act 205 funding;
- shall limit total compensation so as not to exceed 110% of base salary annually (i.e.; 10% cap on overtime);

- shall calculate final average salary on the average monthly compensation for the 60 months preceding retirement;
- shall not use state aid for administrative fees;
- shall not authorize Deferred Retirement Option Plans (DROPs);
- shall adopt Government Accounting Standards (GASB 68);
- shall publicly disclose pension data bi-annually; and
- shall not be permitted to enhance or diminish current or future pension plans through collective bargaining or arbitration.

In addition, the bill looks at existing pensions and how well they are funded. Municipalities with plans funded at 90% or above have the option to retain their current plan structure or they may choose one of the two plan designs outlined in the bill. Plans funded above 50% and below 90% must choose one of the two plan designs for all new hires as outlined in the bill, and plans that are under 50% funded must move under PMRS for administration and all new hires in that municipality will receive the PMRS designed plan outlined in the bill.

Again, I urge your support for these commonsense reforms and ask for your affirmative vote to move HB 414 forward.

Respectfully,



Daniel F. Rattigan
President, BCATO

cc: Honorable Robert M. Tomlinson
Honorable Charles T. McIlhinney Jr.
Honorable Stewart J. Greenleaf
Honorable Bob Mensch
David M. Sanko