



MEMO

To: Members of the House Local Government Committee
From: Amy Sturges, Deputy Executive Director, The League and PSATC
Date: September 24, 2024
Re: Opposition to House Bill 1379

On behalf of the membership of The Pennsylvania Municipal League and the Pennsylvania State Association of Township Commissioners (PSATC), I write in strong opposition to House Bill 1379 on the Committee's agenda for tomorrow, September 25. This bill places a costly unfunded mandate on local governments and taxpayers.

The legislation provides a pension cost-of-living increase for police and firefighters based on the number of years in retirement. Those who began receiving payments before January 2019 are eligible.

The 2023 actuarial note for this bill provided by the Independent Fiscal Office estimates a net increase in unfunded actuarial accrued liability of \$282.3 million. A 2024 recalculation to correct an omission of 2,500 annuitants increased the liability to \$314.98 million. Now is not the time to add millions in unfunded liability to pension plans.

The COLA payment provided by HB 1379 is reduced if the annuitant is eligible to receive a COLA under another participating system. The actuarial note indicates, however, that the Auditor General would not be able to identify the annuitants that receive payments from more than one system.

The legislation indicates local pension systems will be partially reimbursed for payments through the Municipal Pension State Aid Program. The legislation does not, however, increase the amount of state aid available. Therefore, the reimbursement actually reduces the total amount of state aid available to municipalities.

Providing a COLA to retired personnel should be exclusively a local decision. Therefore, we are opposed to the mandate in HB 1379 which will have a significant fiscal impact on the funding level of local pension plans. The League and PSATC request that this bill remain in Committee.

Thank you for your consideration.