

### Pension Reform: Why Not “Let Act 120 Work”?

Critics of pension reform proposals frequently say we need to “let Act 120 work”, referring to 2010 legislation which reduced pension benefits for state and school employees hired after 2010, and also capped the increases in taxpayer contributions to pension plans. But under this plan, pension costs are still set to skyrocket. Statewide, contributions to SERS (for State employees) and PSERS (for school employees) are projected to increase from \$2.5 billion this past school year to \$6.2 billion in 2016-17—nearly tripling in just four years. This increase represents about \$878 in additional taxpayer contributions per household.

#### Statewide Pension Contribution Increases

| Taxpayer Pension Contributions | 2012-13                | 2016-17                | Increase               | Increase per household/homeowner |
|--------------------------------|------------------------|------------------------|------------------------|----------------------------------|
| State to SERS and PSERS        | \$1,647,711,968        | \$4,276,366,979        | \$2,628,655,011        | \$524                            |
| School District to PSERS       | \$812,870,232          | \$1,933,966,057        | \$1,121,095,825        | \$354                            |
| <b>Total</b>                   | <b>\$2,460,582,200</b> | <b>\$6,210,333,036</b> | <b>\$3,749,750,836</b> | <b>\$878</b>                     |

While state contributions to SERS and PSERS (the state covers about 54% of school districts’ pension costs) will increase by about \$524 per household statewide, local contribution increases will vary by school district.

In the Lehigh Valley/Berks region, school district pension contributions will grow by \$124 per homeowner in the Wilson Area District, up to \$882 in Reading.

#### Increase in Taxpayer Contributions for Pensions by School District, 2016-17 vs 2012-13

| School District      | County | Increase in School District Contributions to PSERS per homeowner | Increase in State Taxpayer Contributions to SERS and PSERS per Household | Total Increase per Homeowner/Household |
|----------------------|--------|--|--|--|
| Antietam             | Berks  | \$296  | \$524  | \$820                                  |
| Boyertown Area       | Berks  | \$314  | \$524  | \$838                                  |
| Brandywine Hgts Area | Berks  | \$302  | \$524  | \$826                                  |
| Conrad Weiser Area   | Berks  | \$306  | \$524  | \$830                                  |
| Daniel Boone Area    | Berks  | \$374  | \$524  | \$898                                  |
| Exeter Township      | Berks  | \$319  | \$524  | \$843                                  |
| Fleetwood Area       | Berks  | \$335  | \$524  | \$859                                  |
| Governor Mifflin     | Berks  | \$277  | \$524  | \$801                                  |
| Hamburg Area         | Berks  | \$263  | \$524  | \$787                                  |
| Kutztown Area        | Berks  | \$319  | \$524  | \$843                                  |
| Muhlenberg           | Berks  | \$297  | \$524  | \$821                                  |
| Oley Valley          | Berks  | \$274  | \$524  | \$798                                  |
| Reading              | Berks  | \$882  | \$524  | \$1,406                                |
| Schuylkill Valley    | Berks  | \$316  | \$524  | \$840                                  |
| Tulpehocken Area     | Berks  | \$303  | \$524  | \$827                                  |

| School District     | County      | Increase in School District Contributions to PSERS per homeowner | Increase in State Taxpayer Contributions to SERS and PSERS per Household | Total Increase per Homeowner/ Household |
|---------------------|-------------|--|--|---|
| Twin Valley         | Berks       | \$299  | \$524  | \$823                                   |
| Wilson              | Berks       | \$124  | \$524  | \$648                                   |
| Wyomissing Area     | Berks       | \$389  | \$524  | \$913                                   |
| Allentown City      | Lehigh      | \$511  | \$524  | \$1,035                                 |
| Catasauqua Area     | Lehigh      | \$382  | \$524  | \$906                                   |
| East Penn           | Lehigh      | \$261  | \$524  | \$785                                   |
| Northern Lehigh     | Lehigh      | \$275  | \$524  | \$799                                   |
| Northwestern Lehigh | Lehigh      | \$277  | \$524  | \$801                                   |
| Parkland            | Lehigh      | \$334  | \$524  | \$858                                   |
| Salisbury Township  | Lehigh      | \$255  | \$524  | \$779                                   |
| Southern Lehigh     | Lehigh      | \$306  | \$524  | \$830                                   |
| Whitehall-Coplay    | Lehigh      | \$276  | \$524  | \$800                                   |
| Bangor Area         | Northampton | \$309  | \$524  | \$833                                   |
| Bethlehem Area      | Northampton | \$290  | \$524  | \$814                                   |
| Easton Area         | Northampton | \$352  | \$524  | \$876                                   |
| Nazareth Area       | Northampton | \$321  | \$524  | \$845                                   |
| Northampton Area    | Northampton | \$211  | \$524  | \$735                                   |
| Pen Argyl Area      | Northampton | \$270  | \$524  | \$794                                   |
| Saucon Valley       | Northampton | \$305  | \$524  | \$829                                   |
| Wilson Area         | Northampton | \$299  | \$524  | \$823                                   |

To put this increase another way, it represents the salaries of 32,000 teachers (nearly one in 3). Locally, that impact again varies—the Lehigh Valley/Berks region would have to lay off 2,930 teachers (29 percent) to make its pension payments.

| School District      | County | Number of Teachers | Avg Teacher Salary | Pension Increase in Terms of Teachers | Percent of Teachers Laid Off to Make Pension Payments |
|----------------------|--------|--------------------|--------------------|---------------------------------------|---|
| Antietam             | Berks  | 80                 | \$49,582           | 26                                    | 32%   |
| Boyertown Area       | Berks  | 438                | \$64,794           | 130                                   | 30%   |
| Brandywine Hgts Area | Berks  | 126                | \$64,093           | 37                                    | 29%   |
| Conrad Weiser Area   | Berks  | 204                | \$58,028           | 59                                    | 29%   |
| Daniel Boone Area    | Berks  | 239                | \$64,430           | 66                                    | 27%   |
| Exeter Township      | Berks  | 271                | \$64,883           | 79                                    | 29%   |
| Fleetwood Area       | Berks  | 182                | \$62,459           | 52                                    | 28%   |
| Governor Mifflin     | Berks  | 265                | \$67,697           | 71                                    | 27%   |
| Hamburg Area         | Berks  | 163                | \$63,779           | 43                                    | 26%   |

| School District     | County      | Number of Teachers | Avg Teacher Salary | Pension Increase in Terms of Teachers | Percent of Teachers Laid Off to Make Pension Payments |
|---------------------|-------------|--------------------|--------------------|---------------------------------------|---|
| Kutztown Area       | Berks       | 116                | \$71,058           | 34                                    | 29%   |
| Muhlenberg          | Berks       | 224                | \$61,498           | 67                                    | 30%   |
| Oley Valley         | Berks       | 132                | \$60,898           | 38                                    | 29%   |
| Reading             | Berks       | 971                | \$55,671           | 338                                   | 35%   |
| Schuylkill Valley   | Berks       | 128                | \$84,122           | 32                                    | 25%   |
| Tulpehocken Area    | Berks       | 124                | \$65,167           | 33                                    | 27%   |
| Twin Valley         | Berks       | 219                | \$65,397           | 61                                    | 28%   |
| Wilson              | Berks       | 391                | \$62,498           | 41                                    | 11%   |
| Wyomissing Area     | Berks       | 136                | \$58,552           | 43                                    | 31%   |
| Allentown City      | Lehigh      | 1,037              | \$62,761           | 322                                   | 31%   |
| Catasauqua Area     | Lehigh      | 95                 | \$74,309           | 31                                    | 32%   |
| East Penn           | Lehigh      | 474                | \$66,963           | 136                                   | 29%   |
| Northern Lehigh     | Lehigh      | 120                | \$63,591           | 36                                    | 30%   |
| Northwestern Lehigh | Lehigh      | 150                | \$59,413           | 47                                    | 32%   |
| Parkland            | Lehigh      | 532                | \$81,599           | 148                                   | 28%   |
| Salisbury Township  | Lehigh      | 103                | \$69,574           | 34                                    | 33%   |
| Southern Lehigh     | Lehigh      | 198                | \$66,945           | 59                                    | 30%   |
| Whitehall-Coplay    | Lehigh      | 245                | \$57,699           | 78                                    | 32%   |
| Bangor Area         | Northampton | 210                | \$66,787           | 61                                    | 29%   |
| Bethlehem Area      | Northampton | 873                | \$64,844           | 258                                   | 30%   |
| Easton Area         | Northampton | 539                | \$72,987           | 165                                   | 31%   |
| Nazareth Area       | Northampton | 286                | \$64,553           | 82                                    | 29%   |
| Northampton Area    | Northampton | 338                | \$65,740           | 95                                    | 28%   |
| Pen Argyl Area      | Northampton | 112                | \$55,642           | 36                                    | 32%   |
| Saucon Valley       | Northampton | 161                | \$68,986           | 49                                    | 30%   |
| Wilson Area         | Northampton | 152                | \$60,753           | 43                                    | 28%   |
| <b>Total</b>        |             |                    |                    | <b>2,930</b>                          | <b>29%</b>  |