

A Resolution urging legislative action on school employee pension reform
 By the Board of Directors of the
Avon Grove School District
 #10-04

WHEREAS, the-Board of Directors of the Pennsylvania Public School Employees Retirement System (PSERS) has voted to increase the employer contribution to the system for the 2010-2011 school year to 8.22%, a 72% increase over the 2009-2010 rate; and

WHEREAS, the employer contributions rate is projected to increase sharply in the next four years, reaching a peak of 33.60% in the 2014-2015 school year; and

WHEREAS, the employer contribution rate is projected to remain over 30% until the year 2020; over 25% until the year 2027 and over 20% until the year 2032; and

WHEREAS, the projected increases in employer contributions would cost the Avon Grove School District and its taxpayers an additional \$15,628,345 between the 2010-2011 school year and the 2014-2015 school year, calculated as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>	<u>Annual Cost Increase</u>	<u>Cumulative Cost Increase</u>
2010-2011	8.22%	\$552,047	\$552,047
2011-2012	10.59%	\$427,438	\$1,531,532
2012-2013	29.22%	\$3,106,840	\$5,617,857
2013-2014	32.09%	\$676,812	\$10,380,994
2014-2015	33.60%	\$484,214	\$15,628,345
		<u>\$5,247,351</u>	<u>-----</u> ; and

WHEREAS, these projections present critical problems that effectively force the addition of significantly higher financial burdens on taxpayers, school districts and the commonwealth and consequently demand both a short-term and a long-term solution; and

WHEREAS, a meaningful solution to these problems must involve the identification of another funding source for PSERS, decreasing or cutting the costs/liabilities of the system, including benefit levels, and deferring the system's liabilities.


NOW THEREFORE, BE IT RESOLVED that the board of school directors of the Avon Grove School District calls upon the General Assembly to begin immediate consideration of school employee pension reform with the dual purpose of reducing projected employer contribution rate increases over the next four years and reducing projected costs to schools districts, taxpayers and the commonwealth over the next two decades, while maintaining an appropriate pension benefit for school employees; and

BE IT FURTHER RESOLVED that the General Assembly approve HB 2135 or SB 1185, both of which would make PSERS a hybrid defined benefits/defined contribution system for future school employees, as a potential solution to the long-term cost issues presented by projections in the employer contribution rate.

Adopted this 28th day of January, 2010.

Signed


 School Board President


 Board Secretary



(seal)