

Governor Signs Pension "Reform" Legislation

During the PA lame duck session, Monday November 15th was turned into a "Voting Day" for the PA House so that they could pass the disastrous House Bill 2497 before the Republicans take control of the PA House in January 2011.

Pennsylvania's largest public pension plans—Public School Employees Retirement System (PSERS) and State Employees Retirement System (SERS)—are severely underfunded. But instead of reforming the defined-benefit pension system and paying down these liabilities, House Bill 2497 defers pension payments and increases the unfunded liability by tens of billions of dollars in lost investments and interest. Simply put, HB 2497 is generational theft—forcing our children and grandchildren to pay for Harrisburg's fiscal irresponsibility and a union pension bailout. The law re-amortizes the System's existing liabilities over 30 years.

HB2497 was signed into law by Governor Rendell on November 23, 2010.

"We attempted to bring fiscal sanity to the pension discussion, but the reality was that self-interested unions were successful in drowning out the voice of the taxpayers," said Matthew J. Brouillette, president and CEO of the Commonwealth Foundation. "Despite arguments to the contrary, this bill didn't 'save' the taxpayers any money. Taxes will still be going up with this 'reform' next year—\$646M more just to pay for PSERS and SERS—and every year thereafter. But it did prevent moving new employees into a Defined Contribution plan—a major victory for labor unions like PSEA, AFSCME and SEIU."

"Yet we remain hopeful that a new administration and new legislature will begin the process of fully reforming Harrisburg to protect the taxpayers in the future," said Brouillette. "Many lawmakers voted for HB 2497 as the 'first step' to pension reform. We look forward to working with lawmakers who understand this cannot be the final action, and with new leaders who understand the need for real pension reform and controlled spending."

This is how lawmakers voted on HB 2497:

<http://www.commonwealthfoundation.org/research/detail/how-did-lawmakers-vote-on-hb-2497>

There was a prior vote on whether the bill was Constitutional or not, which passed 128-68; this is how lawmakers voted on the constitutionality:

http://www.legis.state.pa.us/cfdocs/legis/RC/Public/rc_view_action2.cfm?sess_yr=2009&sess_ind=0&rc_body=H&rc_nbr=2019

It's amazing that some of those who voted 'no' the bill is not constitutional voted to pass it anyway.