



TO: The Honorable Members of the Pennsylvania Senate

FROM: Gene Barr, President and CEO

DATE: June 5, 2017

RE: Support S.B. 1

I write to urge your support for S.B. 1, which will enact meaningful changes to the Pennsylvania State Retirement System and Pennsylvania School Employees Retirement System.

The massive debt and increasing annual costs associated with these pension systems represent the greatest threat to Pennsylvania's fiscal health: school districts are forced to raise property taxes and divert scarce funding away from the classroom; Pennsylvania's credit rating has been downgraded multiple times making it more expensive to borrow; and public school and state employees today and in the future are harmed as confidence in the retirement system on which they will depend is eroded.

While we supported previous pension reform measures and continue to advocate for additional steps to mitigate rising costs in the near term, we believe S.B. 1 will put the state pension systems on a better path to stability and sustainability. The bill will have a positive impact on the growing unfunded accrued liability and requires some cost-sharing in the event investment returns do not meet projections and additional funding is necessary.

This legislation also provides for more steady and predictable funding from taxpayers, which will help establish more structurally sound systems and lead to less uncertainty for current and future school and state employees. In fact, the conclusion of [a recent report from the education advocacy organization PennCAN](#) states that: *The reality is that very few teachers do better under PSERS than they would under an alternate plan that provides flexibility and portability.*

The economy and workplace have changed tremendously since SERS and PSERS were created nearly 100 years ago. Employee demographics have evolved and one of the defining characteristics of the current generation entering the workforce is the tendency to frequently change jobs and careers during their working life. Accordingly, much of the private sector has adopted retirement plans that reflect this reality and are more portable and flexible for the employee. S.B. 1 represents a long overdue acknowledgement of this reality in the public sector.

We urge you to support S.B. 1. Thank you for considering our views on this important matter.

Dear Honorable Members of the Pennsylvania Senate:

The Allegheny Conference on Community Development, the Chamber of Commerce for Greater Philadelphia, and the Pennsylvania Chamber of Business and Industry thank you for continuing to pursue state pension reform. Structural reforms to the state and teacher pension systems is the top public policy issue for all of our organizations, and we strongly encourage you to support Senate Bill 1.

Senate Bill 1 will provide meaningful reform that advances the key principles we have advocated for. The proposal, which is for new employees only, would provide retirement plan options that would:

- Begin to address the ever increasing underfunded pension liability;
- Provide for cost predictability and significant risk sharing;
- Increase the overall funding certainty; and
- Provide adequate retirement security for beneficiaries.

Notably, passage of this bill would mitigate more risk than any other state that has recently enacted pension reform. We believe this to be historic and meaningful legislation, and we give it our unqualified and enthusiastic support.

On behalf of the thousands of businesses that our organizations represent across the Commonwealth of Pennsylvania, thank you for working to keep this issue alive. We are very close to the finish line, and again, we strongly urge you to support Senate Bill 1.

Sincerely,

Dennis Yablonsky, CEO of the Allegheny Conference on Community Development
Rob Wonderling, President and CEO of the Chamber of Commerce for Greater Philadelphia
Gene Barr, President and CEO of the Pennsylvania Chamber of Business and Industry