

Testimony provided by:

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Finance Committee
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Good morning and thank you Senator Browne and Senator Wozniak and the members of the Senate Finance Committee for this opportunity to speak in support of Senate Bill 596, legislation sponsored by Senator Orié to create a statewide municipal police pension.

My name is Mark Koch, and I am the President of the Fraternal Order of Police, Pennsylvania State Lodge. Joining me is our chief legal counsel, attorney Sean Welby.

On behalf of the Fraternal Order of Police, Pennsylvania State Lodge, and our more than 40,000 law enforcement members, I thank each of you for your continued strong leadership and dedication in making Pennsylvania a safe place to live for our families.

We are here to provide testimony addressing the vital need for pension standardization and uniformity for Pennsylvania's municipal police officers. One of the long-standing issues in the Commonwealth is the proliferation of municipal subdivisions. There are more than 1,000 municipal police departments in Pennsylvania. Most have stand alone-pension systems. The Public Employee Retirement Commission reports there are 970 separate municipal police pension plans currently operating within the Commonwealth. Pennsylvania has four times as many public employee pension plans as any other state in the country. One-quarter of all public pension plans in the nation are Pennsylvania's local governments.

Pennsylvania police officers are employed in a variety of government classifications that include; boroughs, first and second class townships, towns, home

rule municipalities, and cities of the first, second, second A and third class. All together, these 970 separate municipal police pension systems are subject to a plethora of individual laws, regulations, and ordinances. Unfortunately, a municipality's classification dictates an officer's retirement benefits rather than their employment as a professional public servant.

Because of differing statutory requirements for municipal pensions, there is no uniformity or consistency for officers and their families regarding their pension benefits. While some officers are required to serve more than 25 years in order to qualify for a regular pension benefit, others serve 20 years. Some municipal police pension plans require an officer to work until at least 55 years of age, while others stipulate ages 53, 52, or 50. Some have no age requirement. Some contribute money to their pensions, while others do not. Under the current 970 separate systems, we can have two police officers killed in the line-of-duty under the same circumstances, and the family of one officer will be eligible for a pension benefit, while the other may receive nothing.

The only factor common to each of these 970 separate municipal police pension plans is that taxpayers fund them. Of course, the taxpayers include our members and each of their family units. Like so many other families, our members also work very hard each day to earn their living and care for their family. After having honorably served their respective communities, these officers want and deserve the confidence of knowing that they have a well-managed and fully funded pension system that they can rely upon to provide for them to retire with dignity.

However, on average, a full 15% of all tax payer funding, whether it be in the form of employee contributions, or an employer obligation, is devoted solely to the

administrative costs driven by legions of separate investment advisors, banks, actuaries, legal teams, and insurance companies. Likewise, at taxpayer cost, the current system requires that the Auditor General allocate an enormous amount of working hours and resources to monitor, audit and review these 970 disconnected plans.

The Fraternal Order of Police is committed to two principals. First, that our municipal police officers deserve equitable treatment and a police pension that is representative of their community service, dedication, and sacrifice. In addition to the thousands of officers who have honorably served and retired, there are those who without hesitation or swerving from their duty, more than 700 times in Pennsylvania, have even given their life. Our officers deserve the assurance of knowing that should they be called upon to provide the ultimate sacrifice that their family will be cared for.

Second, we are committed to a common sense approach to the expenditure of public funds. Rather than strip our police officers of any vestige of an honorable and respectable pension to save money, as some may suggest, I strongly encourage another course. As presented by the Pennsylvania Employee Retirement Commission, we can provide our police officers hard-earned benefits and save taxpayers up to 70 million per year through the elimination of redundant administrative costs. The current system has long ago forgotten that it was created to serve police officers, not the other way around. The current patchwork quilt of pension laws and plans covering our Commonwealth compromises both of these principals.

As the largest police organization in the Commonwealth, the pension questions we most often receive from our members always begin with “why?” “Why do I have to

work longer than an officer in an adjacent jurisdiction in order to qualify for the same pension benefit? “Why do retirees in one municipality receive a cost of living adjustment every year, when others never receive a cost-of-living adjustment?” Why does the surviving family of a police officer from one Township killed in the line of duty in a deadly patrol car accident receive a pension, while the surviving family of another Borough police officer executed with a shot to the head receives nothing?

We do not have rational answers to these questions, because simply there are none. As we speak, the courts are clogged with police pension-related litigation from across the Commonwealth, with new disputes being raised every day. Presently, there are no less than a dozen pieces of legislation being considered by the General Assembly to address multiple aspects of each separate municipal classification of police retirement in Pennsylvania.

Each legal case or each piece of legislation, would affect only an isolated segment of police officers based upon the particular, or type of, municipality in which they are employed. The time, effort, and resources of our judiciary and legislature could be better employed through passage of thoughtful, comprehensive, and uniform municipal police pension legislation for those whom society relies to provide public safety and order.

As proposed, Senate Bill 596 provides the much-needed framework for a uniform statewide municipal pension system modeled on the State Employees Retirement System. As evidenced by the annual taxpayer savings identified in the Public Employee Retirement Commission actuarial note, a statewide municipal police officer retirement system with uniform benefit levels, is more than good public policy, it is common sense.

The time is now to protect those who protect all of us. We must provide standardized and quality retirement benefits for all of municipal police officers. We must ensure and provide the confidence to these police officers, who worked hard for these benefits, that the most appropriate investment avenues are used through the economy of scale to provide for their families. We must provide all of our municipal police officers, after having served their communities with honor, with the peace of mind to know that their pension system is fully funded. It promises the total win – for police officers, their families, our municipal governments, and ultimately the taxpayers whom we all serve.

In conclusion, police officers are partners with the communities they protect. They are the peacekeepers, the problem solvers and enforcers of the law who maintain order and stability in the community. They literally put their lives on the line every day for their community.

We all value their service, and we now have the opportunity to demonstrate that value in a just and equitable manner. Toward that end, we look forward to working with all the interested parties to make this truly needed reform a reality and to make the Commonwealth of Pennsylvania an even better place to live, work and retire.

Accordingly, on behalf of the 40,000 members of the Fraternal Order of Police, Pennsylvania state Lodge, we thank this Committee for this opportunity and we are happy to take any questions at this time.