



Testimony of:

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Fraternal Order of Police

Pennsylvania State Lodge

Presented to:

Pennsylvania Senate Finance Committee

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Good morning and thank you to the members of the Senate Finance Committee for allowing me the opportunity to address our concerns with both HBs 1874 and HB 1884.

My name is Mark Koch, and I am the Immediate Past President of the State Fraternal Order of Police and the current Director of Legislative Affairs. The Fraternal Order of Police represents more than 41,000 active and retired law enforcement officers across Pennsylvania.

I thank each of the members of this committee for allowing me the opportunity to voice our concerns with this legislation and be an active participant in this much needed municipal police pension reform in Pennsylvania.

I want to emphasize from the outset that the Fraternal Order of Police clearly recognizes and supports the need for statewide municipal pension reform. The question we ask you to address; however, is reform at what price to our membership.

While many of the relief provisions are optional for most municipalities, those who are ultimately determined to be severely distressed (the Level 3 municipalities) must relinquish control of their pension plans and, at the same time, their police employees will be forever denied of one of the most important bargaining rights that they enjoy – the ability to bargain over a better future in their retirement. This trade-off will provide the focus for my remaining comments.

We understand the need to reverse the precipitous underfunding that exists in these overly distressed pension plans. For this reason, we are not opposed to the need for governmental oversight. The legislation; however, is not a “bail-out”. The Commonwealth simply administers the existing plans for current employees, while the municipalities remain totally responsible for funding their liabilities in the future. The legislation includes many remedial provisions that will assist this process by allowing the municipalities to amortize this liability over the course of years. We fully support this concept and, as long as the rights of our current members remain secure, we have no opposition to the legislation in this regard.

Where our concern begins is the removal of future bargaining rights for new police members in the plan. Under the current system, our members have the right to bargain over a wide range of pension benefits, including, but not limited to, the pension entitlement itself, disability benefits, survivor's benefits and cost of living adjustments. The proposed legislation removes this most important fundamental right to bargain and replaces it with a fixed level of benefits that represents the bare minimum (and in some cases less than that)* of what is currently available to our membership.

This is not acceptable, particularly given the fact that the benefits for all new plans will be fully funded from the outset, thereby ending the perpetual cycle of unfunded pension systems. If we are going to give up the right to bargain over benefits in the future, we simply ask the Legislature to grant a respectable level of benefits that represents, for the most part, what our members have enjoyed in the past.

*The current proposal contains decreased levels in survivor's and killed-in-service benefits, while making no provision for cost-of-living adjustments.

The current legislation continues the needless and, quite frankly, unsubstantiated practice of differentiating between the levels of benefits enjoyed by police officers based solely upon the happenstance that they serve in a city, township or borough. Why? Has the Legislature made this artificial distinction for the teachers throughout this Commonwealth? Has the Legislature made such a distinction for their own employees throughout the State – particularly for their own police departments? Why then should such a practice be condoned and remain in effect, particularly when the total control and administration of such plans will remain forever and exclusively within an agency of the Commonwealth?

The FOP is simply asking that in return for giving up the right to bargain over pensions, the Legislature provides the police officers of the future with a uniform and acceptable level of benefits. The amendments that we have proposed are not only reasonable, but they are well within the existing statutory benefit structure. In addition, if our amendments are accepted, they will provide a solid framework for establishing a statewide police pension system that we will be able to support in the future.

The FOP applauds and supports the efforts being made to “stop the bleeding” in our severely distressed police pension plans. In so doing; however, we cannot, and will not, sacrifice the future of our members or their right to enjoy a secure retirement. We ask the Legislature seriously to consider the amendments we propose. They are reasonable, they are affordable, they are fair, and they will ensure that our members, and their families, will be secure in the future.