

## **PSBA says 'trigger event' could provide opening to change current state employee pension benefits.**

Capitolwire.com Under the Dome email of April 17, 2013

During a state House of Representatives committee hearing about proposed state pension plan changes, the Pennsylvania School Boards Association caught the attention of state lawmakers twice. First, Emily Leader, PSBA's acting chief counsel, announced, for the first time, PSBA's support of efforts to change future pension benefits for current employees. "Our current situation is so significant that something fairly aggressive needs to be done to address our \$41 billion unfunded liability and the increasing contributions that employers face if we do not take action quickly and aggressively," said Leader, who went on say, "PSBA is seeking comprehensive pension reform that can only be attained if we address the future benefits of current employees." Then, later during her testimony, Leader suggested a way state lawmakers might change those future benefits and not run afoul of the Pennsylvania Constitution's provision that the legislature cannot diminish or impair the state's contractual obligation, which state courts have interpreted to include the pension condition under which current state employees accrue their retirement savings. Citing the 1993 Supreme Court decision in the *Shiomos v. State Employees' Retirement Board* case – which involved a state judge who retired but was later convicted of extortion while having senior judge status - Leader said: "The Court noted the act [the Public Employee Pension Forfeiture Act] provides, 'Each time a public officer or public employee is elected, appointed, promoted, or otherwise changes a job classification, there is a termination and renewal of the contract for purposes of this act.' "When Judge Shiomos took office for his second term, he was on notice that the act applied to individuals in his position. At that point, he accepted all of the provisions of the Pension Forfeiture Act and he forfeited his right to all benefits arising from his public employment, including those accrued prior to his second term of office." Leader suggested if a "triggering event" - which creates a new or amended contract between the public employee or official and the Commonwealth – took place, that could afford the state with the opportunity to then restructure the future pension benefits for existing employees.