

Local Government Committee Hearing
Remarks; Rep. Michael Tobash

House Bill 1708

March 12, 2014

Thank You to the Committee

Timing

Detroit

Chicago, L.A.

New York City, \$69 Billion UAL

PA, current proposals

Local

State

Common Sense Funding Scenario

Bill Synopsis

Commissions Responsibilities

Monitoring, Regulation, Enforcement of Act 205, 1984 Requirements

Reviews Actuarial Valuations

Compliance to Established Standards

Plan Costs Certified for State Aid Calculation

3,200 Municipalities

Independent Agency funded through a line item under the Executive Branch

Proposal

1. Legislative Approval
2. .25% to cover the administrative costs of Act 205 duties
3. Adds a requirement for Consistency of accounting methods
4. Relief from some Advertising Requirements

Part of PERC's budget that reports the cost for municipal work only.				
PERC Positions	Total Budget needed for Filled Positions*	time spent on Municip	Budget based on Municipal Work	
Dep Dir Prgms Tech Perc	\$133,683.28	100	\$133,683.28	
Mun Pension Prgm Cmp Spcst Perc	\$101,864.62	100	\$101,864.62	
Ex Dir Pub Emp Ret Comm	\$141,379.20	60	\$84,827.52	
Admv Ofr 1	\$82,996.34	65	\$53,947.62	
Clk Typst 3	\$68,533.31	65	\$44,546.65	
Dep Dir Leg Pcly Perc	\$119,751.00	25	\$29,937.75	
Rsch Assoc Perc	\$87,268.90	25	\$21,817.23	
TOTAL PERSONNEL	\$735,476.65		\$470,624.67	
Operating Costs**			\$35,000.00	
TOTAL COSTS			\$505,624.67	
* Includes salaries and all benefits				
** Operating costs exclude actuarial services and annual costs have been reduced by about \$10k since 2009. This was achieved by reducing mailings to municipal officials and only printing enough copies of reports for the General Assembly.				
			First year	Ongoing years
Total Costs based on current methods			\$505,624.67	\$505,624.67
ADDITIONAL COSTS				
Costs for converling the municipal database to web-based				
One time start up cost			\$325,000.00	
Yearly maintenance cost				\$20,000.00
TOTAL			\$830,624.67	\$525,624.67
In the first year the legislation should allow for up to .5% to cover the start up costs.				
The percentage starting with the second year will be reduced to up to .25%				
An alternative option is to receive the full .25%, until the initial costs are paid for.				
Estimated cost in 2008 to convert the current municipal database to a web-based application was \$250,000				
Estimated cost in 2008 to maintain the new system on a yearly basis was \$15,000				
Current estimated cost to convert the current municipal database to a web-based application is \$325,000				
Current estimated cost to maintain the new system on a yearly basis is \$20,000				
Amount of state aid available		Maximum Amount for PERC Budget		
2012 state aid		0.0025		
	\$232,790,135.83	\$581,975.34		
2013 state aid				
	\$246,845,781.58	\$617,114.45		
In 2012 the Commission had the AG run what would happen if 0.005 of the aid was moved to PERC'S budget.				
The result was that the unit value was reduced by \$19.25 taking the full 0.05%				
If the Commission is now only looking at 0.25%, the reduction in the unit value would be less than \$10				
In the meantime, I will ask the AG's office to run the unit value again at 0.25%				