

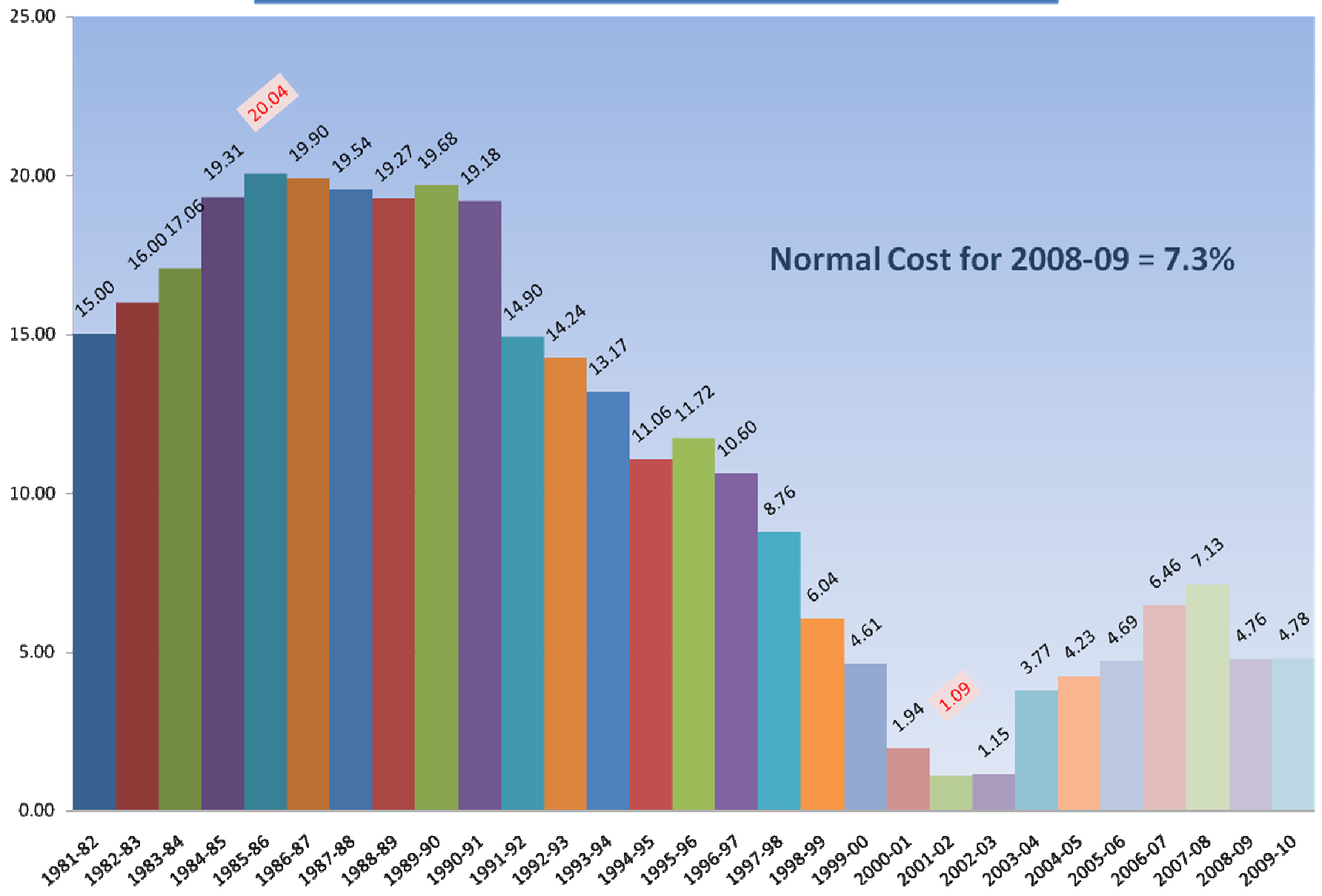
The PSERS Crisis

Jay Himes, Executive Director
PA Association of School Business Officials

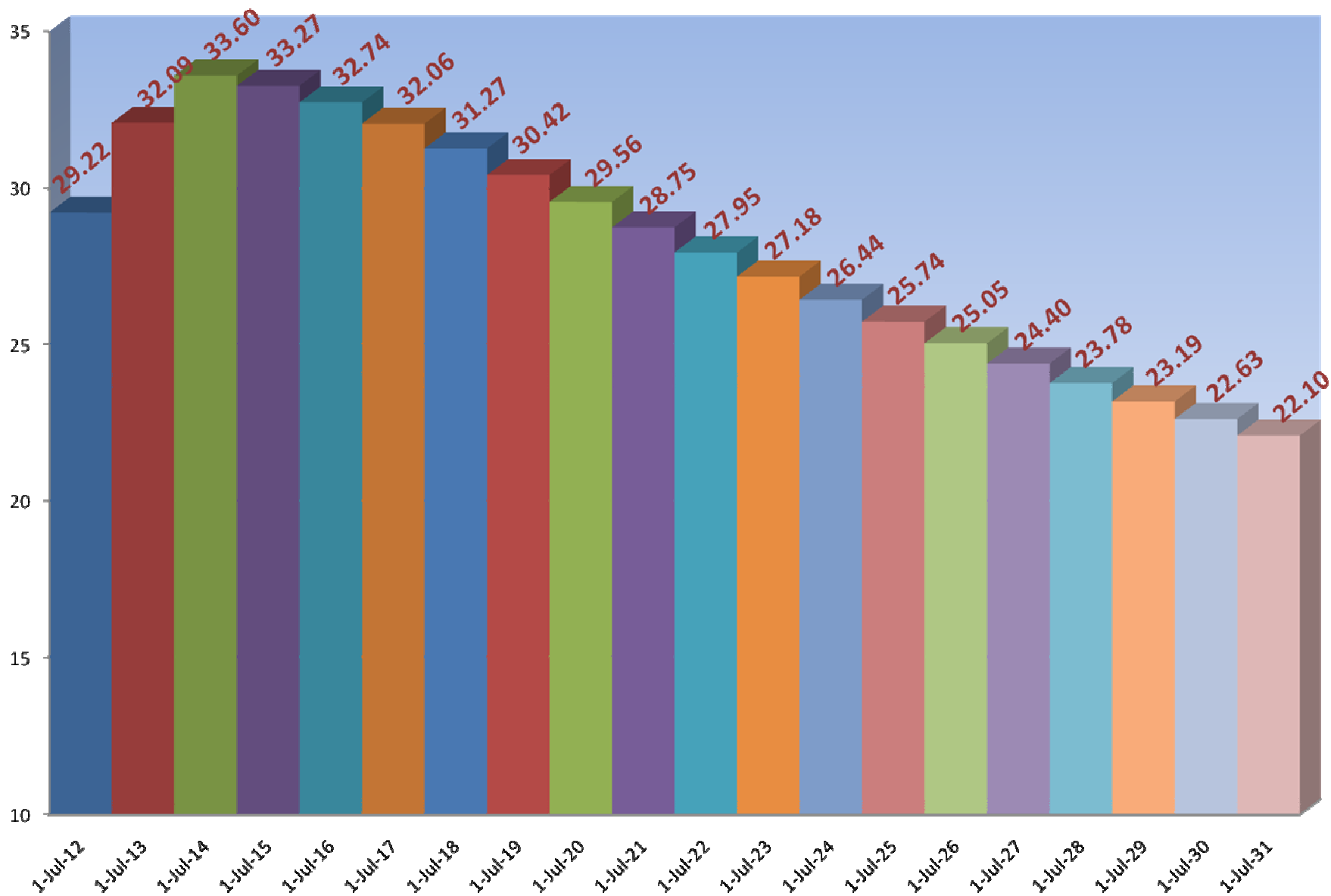
May 2010

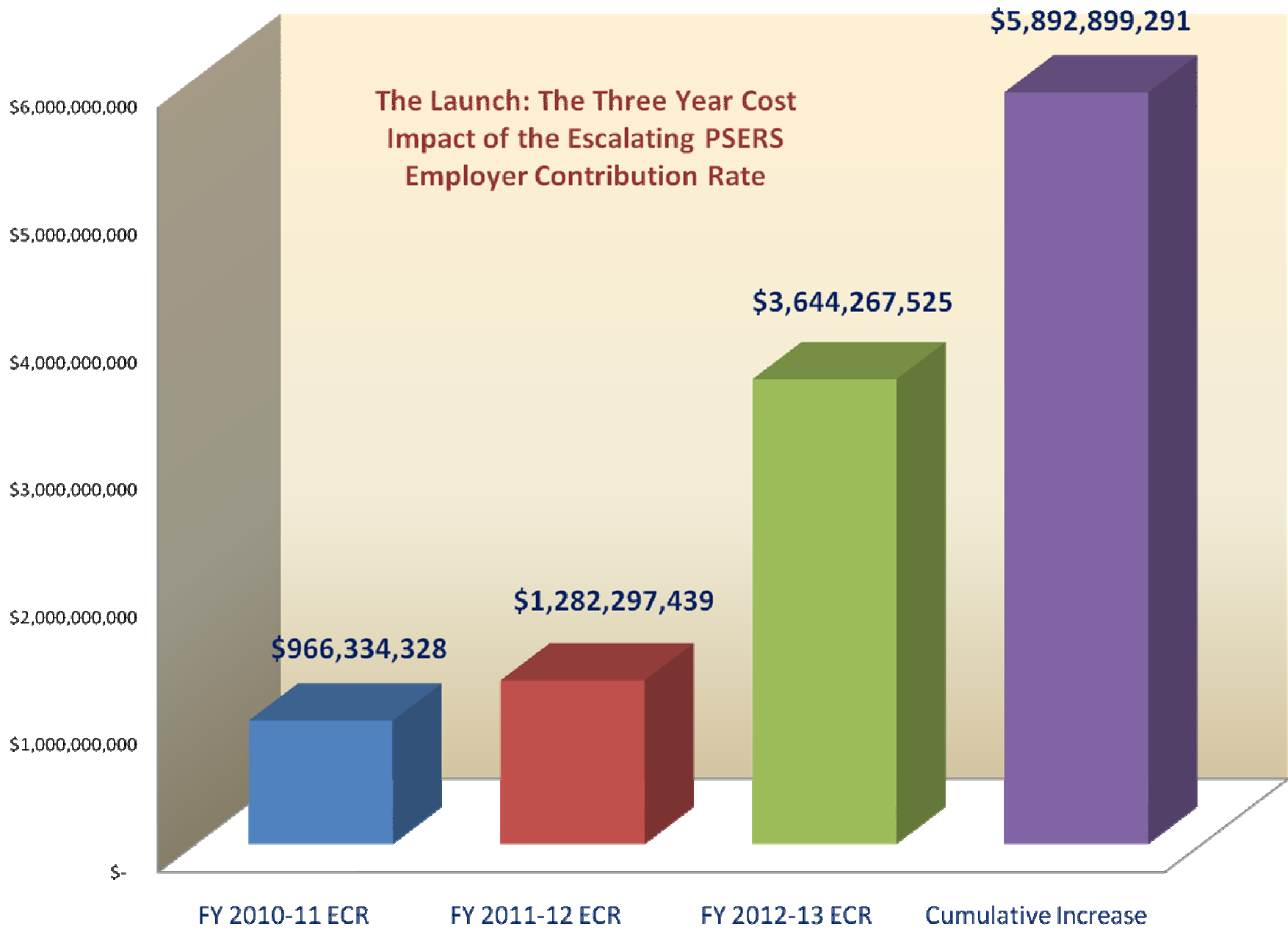
www.pasbo.org

PSERS Total Employer Contribution Rate - % of Payroll



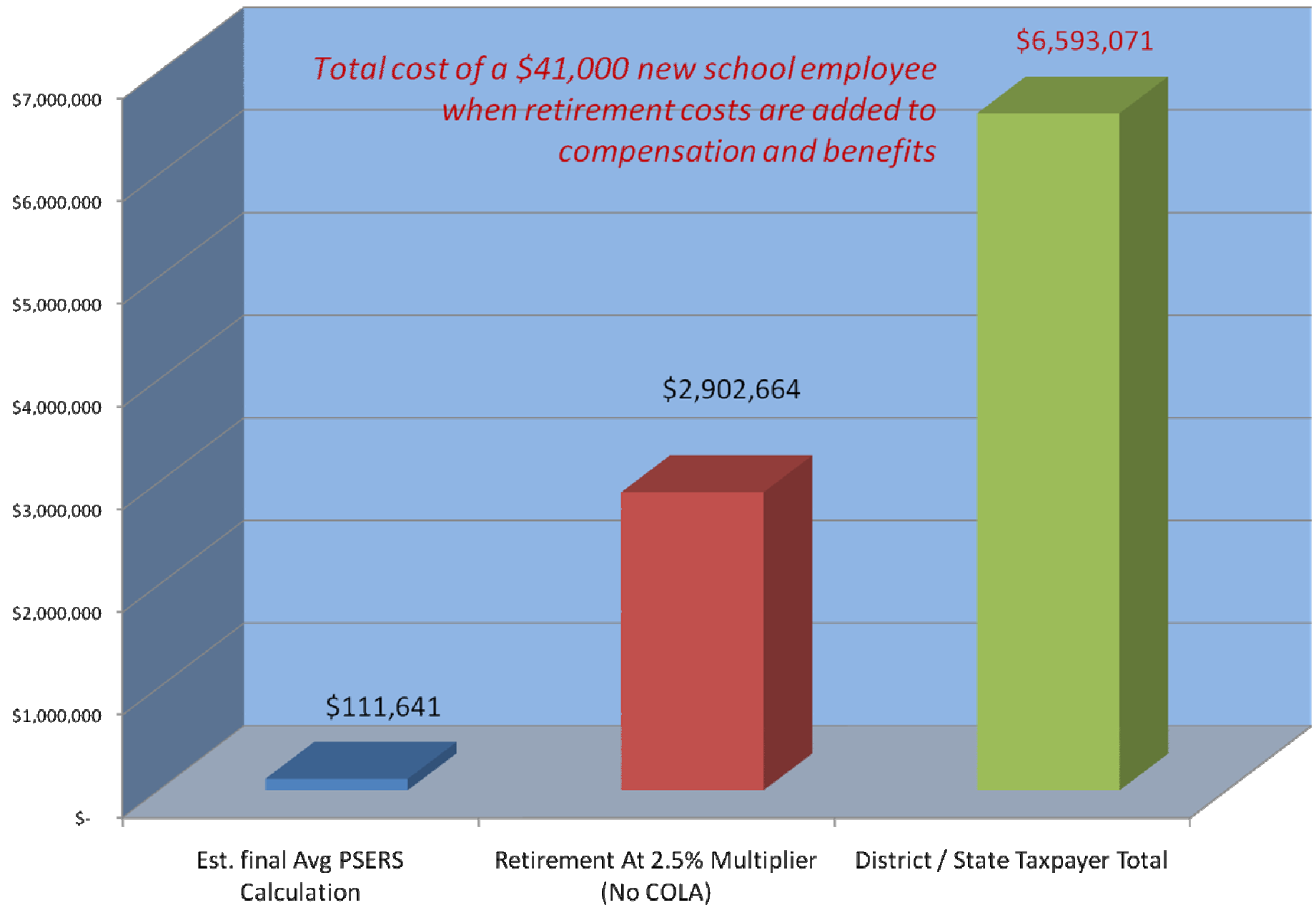
The "Launch" ECR% Remains Above Previous Historic High for 20 Years





The \$6.6 Billion Pension Bill for the State and Schools

School Type	2010-11 Estimated PSERS increase	2011-12 Estimated PSERS Increase	2012-13 Estimated PSERS Increase	Total next three fiscal years.
School Districts	\$ 966,334,328	\$1,282,297,439	\$3,644,267,525	\$ 5,892,899,291
Pass thru costs to SD's from charter schools, IU's and CTC's	\$107,252,385	\$142,320,783	\$404,473,247	\$ 654,046,415
Other: Non-school entities	\$ 11,264,318	\$ 14,947,421	\$ 42,480,316	\$ 68,692,054
Totals	\$1,084,851,030	\$1,439,565,643	\$4,091,221,088	\$ 6,615,637,761
			This amount is paid by the state (54%) and schools (46%).	



The Problem is Multi-Faceted

- Decline in the market
 - PSERS relied on investment return for almost 2/3rds of its funding over the last 25 years
 - FY 2007-08 return (2.82%) followed by (26.54%) in 2008-09
- Benefits increased by 25% in 2001.
- The actuarial methodology changed by state law (Act 40 of 2003). Save now, pay later.
- State/school underfunding

No Easy Solutions—A Lot of Shared Pain

- We need a resolution sooner rather later. The more we wait, the more the problem grows.
- Schools and the state will have to pay more.
- Benefits will have to be reduced.
 - PASBO supports a rollback of the 2001 multiplier increase.
 - PASBO supports other benefit design changes for new employees.
- We can hope for a recovering market.