



### Municipalities in Allegheny County Holding Own with Pension Plans

In our ongoing analysis and review of the financial conditions of Allegheny County municipalities, we take a look at the health of pension plans. Much has been made of the shortfall of Pittsburgh's pension funding and how the City averted a state takeover by pledging parking tax revenues to raise those ratios to state accepted levels (*Policy Brief Volume 10, Number 57*). But how are the smaller municipalities faring with their pensions? Are they facing similar issues as did the City? The following analysis takes a more in-depth look.

The most recent pension plan data available is for 2009 and comes from the Pennsylvania Public Employee Retirement Commission's (PERC) *Status Report on Local Government Pension Plans*<sup>1</sup>. From this data, this analysis will look at the pension plans for non-uniformed personnel as well as uniformed (police and fire) and their funded ratios (the amount of assets in their fund divided by the accrued liabilities). A table with all Allegheny County municipal pension funding ratios as well as the number of active members can be found on our [website](#).

There are 130 municipalities in Allegheny County. Since the City of Pittsburgh has been the subject of intense pension analysis in previous *Briefs*, they will not receive extensive discussion in this analysis. Of the 129 remaining municipalities, 21 do not have pension plans listed with PERC for their non-uniformed personnel. However, the Northern Regional Police Department<sup>2</sup> (NRPD) does cover its non-uniformed personnel and will be included. In addition 14 municipalities have more than one plan covering their non-uniformed employees. In fact, Upper St. Clair has three different pension plans for their non-uniformed employees. Thus there are 124 plans in total.

Of these 124 plans for non-uniformed personnel, 88 are defined benefit plans, 26 are defined contribution plans, and the remaining 10 are classified as multi-employer pension plans that fall under the Federal Employee Retirement Income Security Act of 1974 and come under the purview of the Federal government. The latter two types of plans are fully funded and are not the subject of this analysis.

Thirty two of the 88 defined benefit pension plans (36 percent) are fully funded. In fact, 71 (81 percent) of these defined benefit plans are funded at the 75 percent level or better. Only three are funded at less than 50 percent (Crafton, Indiana Twp., and Ohio Twp. 45, 43 and 42 percent respectively). By comparison consider that this same PERC report lists the City of Pittsburgh with two non-uniformed pension plans, one defined benefit and one defined contribution (with

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<sup>1</sup> [www.perc.state.pa.us](http://www.perc.state.pa.us).

<sup>2</sup> NRPD covers the communities of Bradford Woods, Marshall, Pine, and Richland Townships.

zero active employees and no assets or accrued liability). The defined benefit plan had a funding ratio of only 43 percent.

Considering this data is for 2009, at the height of the national recession and during a struggling stock market, the fact that so many municipal non-uniformed defined benefit pension plans are well funded is encouraging.

Defined benefit plans are more the norm for uniformed employees (police and fire). Starting with police, the data show that of the 129 municipalities within Allegheny County (minus Pittsburgh), eighteen, for various reasons, do not have a pension plan for police officers. Four combine to form the NRPD which offers a defined benefit plan. Duquesne City has two different defined benefit plans for their police. Thus there are a total of 107 defined benefit plans for police officers among Allegheny County's municipalities. Rosslyn Farms and Liberty Borough are the only two municipalities in the County that offer a defined contribution plan for their police.

Thirty seven of the 107 defined benefit pension plans (35 percent) for police are funded at 100 percent or greater. Ninety three percent are at least 75 percent funded (87 percent) while only two (Clairton and Braddock Hills, 43 and 23 percent respectively) are funded at less than 50 percent. By comparison, in 2009 Pittsburgh's defined benefit pension plan for police was only 27 percent funded.

Only seven municipalities offer pension plans for uniformed fire personnel and all are defined benefit plans. This is not surprising since most municipalities rely on volunteer forces to handle that function. Only two are funded at 100 percent or more while five are funded at 75 percent or more. None of the plans are funded at less than 50 percent. In 2009 the City of Pittsburgh's defined pension plan for its uniformed fire personnel was only 35 percent.

Overall the defined benefit pension plans, for either uniformed or non-uniformed employees, offered by Allegheny County's municipalities are reasonably well funded according to the data for 2009. Keep in mind that 2009 was a year that experienced a deep recession and a sluggish stock market. There were only a few defined benefit plans that were less than 50 percent funded—three non-uniformed and only two uniformed. By contrast the City of Pittsburgh had four pension plans—three defined benefit and one defined contribution. All three of the defined benefit plans were funded below the 50 percent level. Of course to remedy that situation, under pressure from state legislation, the City pledged parking tax revenues and brought its plans to above the requirement of 50 percent. Whether or not other municipalities with plans funded at less than 50 percent will be subjected to similar pressure remains to be seen.

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