



Pennsylvania Department of the

AUDITOR GENERAL

Facebook: Pennsylvania Auditor General

Twitter: @PAauditorgen

News for Immediate Release

Oct. 31, 2019

Auditor General DePasquale: Audit Shows State Owes Pittsburgh Nearly \$1 Million in Additional Pension Aid

HARRISBURG – Auditor General Eugene DePasquale said today that his latest audit of the City of Pittsburgh pension funds found reporting errors resulting in the state owing the city nearly \$1 million in pension aid.

“Thanks to my audit, Pittsburgh police, firefighters and public servants will have nearly \$1 million in additional funding to help shore up the city’s pension plans,” DePasquale said. “This is great news for retirees, taxpayers and the city.”

City officials underreported the number of employees eligible for state pension aid, resulting in underpayments totaling \$855,776 between 2017 and 2019. Because the audit team identified the error, the city was able to resubmit information needed to obtain the additional funds to further aid its distressed pension plans.

The City of Pittsburgh in 2017 received \$22.1 million in state pension aid, \$22 million in 2018, and \$25.5 million in 2019.

The recently completed audit also found that the city’s three employee pension plans fell from 57 percent funded in 2015 to 55.9 percent funded in 2017. Pension plans that are between 50 and 69 percent funded are considered “moderately distressed.”

To avoid falling deeper into distressed territory, Pittsburgh contributed \$51.4 million more than was required by state law in 2016 and 2017, largely by using parking and casino tax revenue.

However, despite increasing its contributions and earning strong returns on investments, Pittsburgh’s unfunded pension liability increased by \$55.4 million to \$573 million in 2017, the second-largest unfunded pension liability in Pennsylvania, behind only Philadelphia.

“Pittsburgh continues to work hard to stabilize and improve its pension funds. Despite these extra payments and receiving robust investment returns, the city’s pension plan struggles to keep its head above water,” DePasquale said. “Pittsburgh and other cities need the General Assembly to enact a comprehensive solution to the state’s municipal pension crisis.”

One enormous challenge facing Pittsburgh and other cities is that retirees outnumber the active employees paying into their plans. Pittsburgh had 4,248 pension retirees and 3,317 active employees as of January 2017.

Learn more about the Department of the Auditor General and review the City of Pittsburgh Comprehensive Municipal Pension Trust Fund [audit report](#) online at www.PaAuditor.gov.

###