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News for Immediate Release

Dec. 6, 2018

Auditor General DePasquale Commends City of Scranton for Improving Stability of Police, Firefighter, Employee Pension Plans

New audit shows progress but all three plans are still distressed

SCRANTON – For the first time in years, the City of Scranton's employee pension plans showed noticeable, across-the-board improvements, including stronger funding and reduced debt levels, Auditor General Eugene DePasquale said today while cautioning that significant work remains to be done.

Funding levels increased in all three employee pension plans, unfunded pension liability dropped by $55.2 million, and there were no audit findings.

This stands in stark contrast to DePasquale's earlier audits that showed the firefighters' pension fund was perilously close to exhausting its funds and employees were double-dipping on pension benefits.

"Yes, slow and steady sometimes wins the race. It appears that the City of Scranton is finally moving in the right direction," DePasquale said. "City officials deserves credit for working to address chronic issues that were causing instability, but all three plans are not out of the woods yet."

In June 2015, DePasquale issued a special report which found 35 employees were improperly obtaining double pension payments for more than a decade. The double-dipping benefit cost $266,880 a year. A hearing officer ruled in favor of the city in discontinuing the benefit, which a Lackawanna County judge's ruling affirmed in October.

"The double dipping was not only unfair to taxpayers but would have costs millions of dollars in unwarranted benefits, if left unchecked. Now that money can be invested into an even stronger and healthier pension plan," DePasquale said.

According to the latest audit, which covered 2016 and 2017:

- The police pension plan showed the greatest improvement in meeting future obligations to retirees as funding levels increased from 28.8 percent in 2013 to 48.6 percent in 2017.
- The non-uniformed employee plan jumped from 23 percent to 37 percent funded.
- The firefighter plan went from 16.7 percent to 26.8 percent funded.

Despite the improvements, DePasquale warned all three pension plans are still severely distressed — less than 50 percent funded. While the city's unfunded pension liability dropped by more than $55 million, it still remained at $103.4 million, considered one of the highest pension debts in Pennsylvania.

The current audit results were not as dire as the 2016 audit that found the firefighter pension was expected to exhaust benefits in under three years. Today, the fire plan has 3.36 years of benefit payments. The police plan improved from 5.5 years to 6.85 years of benefits, while the non-uniformed employee plan increased from 3.18 years to 4.8 years.

"Every step forward should be recognized," DePasquale said.

Scranton still has to make some tough budget and financing choices as the city's annual required pension contribution jumped from $3.8 million in 2010 to $18.8 million in 2017.

In 2018, DePasquale announced today that Scranton received $3,677,244.99 in state pension aid from a 2 percent state tax on casualty and fire insurance premiums paid to out-of-state insurance companies.

“Scranton still has enormous legacy costs and a limited tax base,” DePasquale said. “City leaders can only do so much. There needs to be help from Harrisburg. We need a comprehensive, statewide solution to the pension challenges faced by cities across Pennsylvania.”

The City of Scranton’s aggregate pension fund audit report is available online here: **[www.PaAuditor.gov.](http://www.PaAuditor.gov)**

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