

## Barletta

Lou Barletta was a disaster as Mayor of Hazleton. He so mismanaged the city that it was a step closer to bankruptcy.

**Under Barletta, Hazleton Took Advantage Of A Special Tax Intended To Shore Up Distressed Pension Funds To Pay For Other Retiree Health Benefits.** According to the Wilkes-Barre Times Leader, “When Lou Barletta replaced Marsicano as mayor in 2000, he faced a \$500,000 deficit and said bluntly that the police pension increase must be rolled back or layoffs would come. He negotiated a change that gave some police the 75 percent pension and others the lower pension. [...] Years earlier, Hazleton had taken advantage of provisions allowed by the state law known as Act 205, levying a special income tax of 0.4 percent to shore up the distressed pension fund. The auditor general pointed out that, under Act 205 rules, if you collected the special tax, pension benefits couldn’t exceed 50 percent of pay. The city argued that the problem was fixed under the new agreement with police. In 2003, the city started using money from the Act 205 income tax to pay for retiree health benefits, claiming that the law allows such use.” [Wilkes-Barre Times Leader, 12/19/06]

- **Hazleton Channeled More Wage Tax Money Into The Pension Fund Than Was Required And Used The Excess To Pay For Retiree Pension Benefits.** According to the Hazleton Standard-Speaker, “Under state law, when a municipality’s pension funding system becomes financially distressed, the local wage tax may be increased to raise the funds needed to improve the pension fund solvency. The city channeled the extra wage tax money into the pension fund. It channeled even more than it was required to into the fund - an action known as superfunding the pensions - and used some of the excess to pay for the retiree pension benefits.” [Hazleton Standard-Speaker, 9/26/08]

**In 2006, The State Auditor General Ordered Hazleton To Repay The Pension Fund \$1.5 Million That It Spent On Retiree Benefits Or Forfeit Its Annual State’s Aid To The Pension Fund.** According to the Hazleton Standard-Speaker, “At the time, then-city solicitor Conrad Falvello said that Act 205 - the state law governing municipal pension plan funding - did not specifically say the city could do what it was doing, but it also did not specifically say it could not. It was a chance the city took - and lost - when in July 2006 then-state Auditor General Jack Wagner said the practice was a violation of Act 205 and ordered the city to repay to the pension fund the \$1.5 million it spent on pension benefits. [...] Meanwhile, city council this week was faced with an ultimatum from the Auditor General’s Office: if the House does not approve the legislation by the end of November, then the city must accept the terms of the 2006 decision and re-pay the \$1.5 million or forfeit its annual \$500,000 in state aid to pension fund.” [Hazleton

Standard-Speaker, 9/26/08]

**In 2009, Hazleton “Could Face Bankruptcy” Unless Legislation Passed That Would Clear Hazleton Of “Improperly” Spending \$1.5 Million.** According to the Times Leader, “Given that a hearing officer last month found that the City of Hazleton should pay back \$1.5 million in improperly spent pension money to the state, the city could face bankruptcy unless the House of Representatives passes a bill that has been languishing in committee for two years. State Auditor General Jack Wagner determined in a 2006 audit of the city’s pension plans that Mayor Lou Barletta’s administration in 2002 and 2003 misused tax revenue earmarked for police and firefighter pensions.” [[Times Leader, 6/23/09](#)]

**Barletta Said If The Bill Didn’t Pass, Or The City Didn’t Win The Appeal, The City Would Probably Apply For Distressed City Status Under Act 47.** According to the Times Leader, “Barletta said that if the bill is not passed or if the city doesn’t win the appeal in Commonwealth Court, “the results could be devastating for the city.” He said Hazleton, like nearby Nanticoke, Scranton and West Hazleton, would probably have to apply for distressed city status under Act 47 and turn over some financial control of the city to a state-designated agency.” [[Times Leader, 6/23/09](#)]

- **Act 47 Was A Way To Avoid Chapter 9 Bankruptcy Filing For Municipalities In Pennsylvania.** According to the Bond Buyer, “The Municipalities Financial Recovery Act, or Act 47 as it's generally known, was passed in 1987 as a way to avoid Chapter 9 bankruptcy filing for municipalities. It provides fiscal management oversight and planning, technical assistance, and financial aid to municipalities undergoing what the state deemed to be severe fiscal distress.” [Bond Buyer, 2/7/22]

*Research Note: Hazleton did not file for bankruptcy as a result of the pension mismanagement, nor for Act 47.*

**2009: Hazleton Faced A Potential \$6 Million Of Unfunded Debt Due To Budgetary Deficits, Obligations To Pay Legal Fees Of Plaintiffs Who Challenged The City’s Immigration Law, And the City Public Employee Pension Fund.** According to the Hazleton Standard-Speaker, “A triple threat on Hazleton’s financial horizon could plunge the city into \$6 million of unfunded debt. In a worst-case scenario, the city could tumble into formal distressed status - bringing state intervention - as a result of three developments: A budgetary deficit totaling hundreds of thousands of dollars that the city has carried into each new fiscal year since 2007. An obligation to pay \$2.4 million in legal fees for plaintiffs in

a lawsuit challenging the Illegal Immigration Relief Act. An order by Pennsylvania’s auditor general to pay \$2.5 million into the city’s public employee pension fund. Each of the threats is already a reality; city administrators are scrambling to reverse two of them and contain the third.” [Hazleton Standard-Speaker, 8/2/09]

Under his leadership, property taxes increased by 70% and the city had the highest unemployment rate in Pennsylvania.

**The Approved Hazleton 2010 Budget Raised Property Taxes From 1.40 Mills To 2.38 Mills – A 70 Percent Increase.** According to the Standard-Speaker, “Council approved second and third readings of the budget before adopting it on a 4-1 vote. It includes an increase in real estate taxes from 1.40 mills to 2.38 mills and a jump in earned income tax from 1.9 percent to 2.25 percent. The tax increases mean an average Hazleton homeowner can expect to pay about \$249 more this year in taxes and fees.” [Standard-Speaker, 1/5/10]

**May 2010: Hazleton’s Jobless Rate Of 15.6 Percent Was The Highest Jobless Rate Of Any City In Pennsylvania.** According to the Wilkes-Barre Citizens Voice, “Hazleton has the highest unemployment rate of any city in Pennsylvania, according to the state Department of Labor and Industry. The state’s Center for Workforce Information & Analysis, which publishes monthly rates of the civilian labor force, lists Hazleton as having the highest rate for a city in May at 15.6 percent.” [Wilkes-Barre Citizens Voice, 7/7/10]

And his record on crime was terrible. Crime soared by 104 percent while he was Mayor, but he cut the number of police by almost half within the first three years in office.

**2000 - 2010: Violent Crime In Hazleton Rose By 104%**

**2000 - 2010: Violent Crime Reported By The Hazleton Police Department:**

Year	Violent Crime Reported
2000	44
2001	35
2002	52
2003	31
2004	65
2005	57
2006	80

2007	103
2008	69
2009	81
2010	90

[\[Federal Bureau of Investigation, Crime Data Explorer for Hazleton, 2000-2010\]](#)

## **2000 - 2003: Barletta Cut The Police Department Force By 42%**

### ***In 2000, Barletta Cut The Police Department By 18%***

#### **In March 2000, Barletta Laid Off Seven Police Officers.**

According to the Times Leader, “The city shrunk its work force by about 10 percent Thursday as Mayor Louis BARLETTA laid off 11 people, including seven police officers. BARLETTA said the 11 positions were cut to balance the 2000 budget, and more layoffs could come in the near future as a result of the city’s financial deficit. The city employs about 100 workers.” [The Times Leader, 3/3/00]

- **The Seven Layoffs Cut The Police Department Down To 31 Officers.** According to the Times Leader, “The seven layoffs in the Police Department cut the number of officers on the payroll to 31, including Chief Ed Harry. Those laid off were the most recently hired police officers and include some officers who brought diversity or special skills to the department, Harry said.” [The Times Leader, 3/3/00]

### ***In 2003, The Hazleton Police Department Was Further Cut To 22***

**Hazleton Standard-Speaker: “Mayor Louis Barletta Says He Is Confident That The Safety Of Both Officers And Residents Will Not Be Compromised While Citing Serval Cost-Cutting Measures Undertaken By Management.”** According to the Standard-Speaker, “Insisting police cuts will create safety issues for both officers and residents, the union representing Hazleton police wants to know what concessions the administration has made to address the city’s ailing financial situation. However, Mayor Louis Barletta says he is confident that the safety of both officers and residents will not be compromised while citing serval cost-cutting

measures undertaken by management.” [Hazleton Standard-Speaker, 3/31/03]

**In 2003, The 32 Person Police Department Was “Cut To 22.”** According to the Standard-Speaker, “At the time, Barletta, City Administrator Samuel Monticello and Solicitor Conrad Falvello provided their take on goings-on leading up to the layoff of five offers and the buyout retirement of four others. With another officer on active duty, the 32-man squad had been cut to 22.” [Hazleton Standard-Speaker, 3/31/03]

The head of the Fraternal Order of Police said the cuts left police morale at “all-time low.” If Barletta failed so miserably as Mayor of Hazleton, why would we let him be as Governor?

**Standard-Speaker HEADLINE: “Union Head: Police Morale Waning.”** [Standard-Speaker, 4/22/03]



[Standard-Speaker, 4/22/03]

**The Standard Speaker: “Unionized Police Officials In Hazleton Says The Administration’s Cost-Cutting Initiatives Have Not Helped To Realize Savings And Often Force Them To Choose High-Priority Calls Over Others.”** According to the Standard-Speaker, “Unionized police officials in Hazleton says the administration’s cost-cutting initiatives have not helped to realize savings and often force them to choose high-priority calls over others. With one officer called to active duty, four accepting buyout retirements and five others furloughed for the remainder of 2003, morale has reached an ‘all-time low’ for city police, according to Dave Bunchalk, president of Fraternal Order of Police Lodge 18.” [Standard-Speaker, 4/22/03]

**Dave Bunchalk, The President Of The Fraternal Order Of Police Lodge 18, Stated Morale Has Reached An “All-Time Low” For Police Officers With Five Officers Furloughed For The Remainder Of The Year.** According to the Standard-Speaker, “Unionized police officials in Hazleton says the administration’s cost-cutting initiatives have not helped to realize savings and often force them to choose high-priority calls over others. With one officer called to active duty, four accepting buyout retirements and five others furloughed for the remainder of 2003, morale has reached an ‘all-time low’ for city police, according to Dave Bunchalk, president of Fraternal Order of Police Lodge 18.” [Standard-Speaker, 4/22/03]