

SUPREME COURT OF PENNSYLVANIA

Kelley v. State Employees' Retirement Board

593 Pa. 487 (2007) (Pa. 2007) · Decided September 26, 2007

SUMMARY

The Supreme Court of Pennsylvania considered whether James R. Kelley could convert prior Class A service in the State Employees' Retirement System to enhanced Class AA or Class D-4 service under Act 9. The Court held that Kelley was ineligible for Class AA membership because he was a Class E-1 member on the statutory eligibility dates, and ineligible for Class D-4 membership because he was no longer a member of the General Assembly when the election provisions became effective. The Court rejected his equal protection and impairment-of-contract claims.

CASE DETAILS

COURT	Supreme Court of Pennsylvania
WRITING FOR THE COURT	Justice Baldwin; Chief Justice Cappy; Justice Castille; Justice Eakin; Justice Baer; Justice Fitzgerald
JURISDICTION	Pennsylvania
DECIDED	September 26, 2007
DISPOSITION	other
PROCEDURAL POSTURE	Cross-appeals from the Commonwealth Court's decision partially reversing and partially affirming an order of the State Employees' Retirement Board concerning Kelley's eligibility to convert Class A retirement service to Class AA or Class D-4 service.
STANDARD OF REVIEW	Equal protection challenges to economic classifications are reviewed under rational-basis review unless the classification affects a suspect group or impinges on a fundamental right. Under that test, the court determines whether the statute promotes a legitimate state interest and whether the classification is reasonably related to that interest.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Pennsylvania; Justice Saylor did not participate.
PARTIES	James R. Kelley, State Employees' Retirement Board v. State Employees' Retirement Board, James R. Kelley

TOPICS

equal protection

rational basis review

constitutional law

statutory interpretation

judicial review of agency action

PRACTICE AREAS

constitutional law

administrative law

public employee retirement benefits

pension law

QUESTIONS PRESENTED

1. Whether Act 9's exclusion of a Class E-1 member with prior legislative service from Class AA membership violated equal protection.
2. Whether Kelley was eligible to elect Class D-4 membership or could convert his prior Class A legislative service to Class D-4 service after leaving the General Assembly.
3. Whether Act 9 impaired Kelley's contractual pension rights.

HOLDINGS

1. The exclusion of Class E-1 members from Class AA membership was rationally related to legitimate governmental interests, including limiting overlapping enhanced benefits and preserving the fiscal soundness of the retirement system; therefore, it did not violate equal protection.
2. Kelley was ineligible to elect Class D-4 membership because he was no longer a member of the General Assembly when he attempted to make the election and did not satisfy the statutory timing requirements. The statutory limitation of Class D-4 eligibility to qualifying legislators was supported by rational bases and did not violate equal protection.
3. Act 9 did not unconstitutionally impair Kelley's contractual pension rights because it did not modify to his detriment the retirement benefits to which he was entitled under the applicable Retirement Code.

KEY QUOTATIONS

"Because the legislation at issue in the case at bar, as in Harper, does not affect a suspect group or impinge upon a fundamental right, the appropriate test is whether a rational basis for the classifications exists." (at 68)

"Economic legislation is valid unless the varying treatment of different groups or persons is so unrelated to the achievement of any combination of legitimate purposes that a court can only conclude that the Legislature's actions were irrational." (at 70)

FACTUAL BACKGROUND

Kelley accrued 14.5250 years of Class A service while serving in the Pennsylvania Senate from 1974 to 1988. He later served as a Commonwealth Court judge and elected to have that judicial service credited as Class E-1 service under *Goodheart v. Casey*. After Act 9 created enhanced Class AA and Class D-4 retirement classifications, Kelley sought to convert his prior legislative Class A service, but he did not make the D-4 request until October 26, 2001, after the statutory election deadline and after he had ceased serving in the General Assembly.

PROCEDURAL HISTORY

Kelley served as a Pennsylvania senator and later as a Commonwealth Court judge. After Act 9 created Class AA and Class D-4 retirement classifications, he sought to convert his prior Class A legislative service to one of those classifications. SERB denied both requests, concluding that the Class D-4 election was untimely and that Kelley was ineligible for Class AA because he was a Class E-1 member on June 30 and July 1, 2001. The Commonwealth Court reversed as to Class AA and affirmed as to Class D-4. The Supreme Court of Pennsylvania reversed the Commonwealth Court regarding Class AA, affirmed regarding Class D-4, and relinquished jurisdiction.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand instructions were issued. The Court reversed the Commonwealth Court as to Class AA membership, affirmed as to Class D-4 membership, and relinquished jurisdiction.

CASES CITED

- Goodheart v. Casey, 521 Pa. 316, 555 A.2d 1210 (1989)
- Curtis v. Kline, 542 Pa. 249, 666 A.2d 265 (1995)
- Probst v. Commonwealth, Department of Transportation, 578 Pa. 42, 849 A.2d 1135 (2004)
- Klein v. State Employees' Retirement System, 521 Pa. 330, 555 A.2d 1216 (1989)
- In Interest of O.A., 552 Pa. 666, 717 A.2d 490 (1998)
- Harper v. State Employees' Retirement System, 538 Pa. 520, 649 A.2d 643 (1994)
- Kramer v. Workers' Compensation Appeal Board (Rite Aid Corp.), 584 Pa. 309, 883 A.2d 518 (2005)
- Martin v. Unemployment Compensation Board of Review, 502 Pa. 282, 466 A.2d 107 (1983)
- Association of Pennsylvania State College and University Faculties v. State System of Higher Education, 505 Pa. 369, 479 A.2d 962 (1984)
- Goodman v. Kennedy, 459 Pa. 313, 329 A.2d 224 (1974)