

1991
ANNUAL REPORT
OF THE
PUBLIC EMPLOYEE RETIREMENT
COMMISSION

Public Employee Retirement Commission
Commonwealth of Pennsylvania
April, 1992

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COMMONWEALTH OF PENNSYLVANIA
PUBLIC EMPLOYEE RETIREMENT COMMISSION
HARRISBURG
17120

April, 1992

To: Governor Casey and
Members of the Pennsylvania General Assembly

As required by the Public Employee Retirement Commission Act, this annual public report is issued to summarize the Commission's findings, recommendations, and activities for the year 1991.

During 1991, the Commission authorized the attachment of fifteen actuarial notes to fifteen bills at the request of the various committees of the General Assembly. This report contains a synopsis of each of these notes and contains a summary of the Commission's reviews of the State Employees' Retirement System, Public School Employees' Retirement System, and Pennsylvania Municipal Retirement System. This report also describes research conducted during 1991 and summarizes the Commission's administrative activities under the Municipal Pension Plan Funding Standard and Recovery Act and Act 293 of 1972.

On behalf of the Public Employee Retirement Commission and its staff, I am pleased to submit the ninth annual public report of the Commission. The Commission hereby expresses its thanks and appreciation to all individuals, organizations, and agencies whose assistance and cooperation contributed to the work of the Commission during 1991.

Sincerely,

A handwritten signature in cursive script that reads "Dale D. Stone".

Dale D. Stone
Chairman

DEDICATION

The members of the Public Employee Retirement Commission and its staff dedicate this ninth annual public report to

MARTHA J. LINGLE

a long time staff member of the Commission, who died on March 1, 1991. As the Administrative Assistant of the Commission, Mrs. Lingle rendered a valuable service to the Commonwealth by helping to establish the Commission on a firm foundation. She provided not only invaluable professional contributions but also friendship and humor that continue in the memories of all who knew her. The strength, compassion, and zest of her character are an ongoing source of inspiration.

INTRODUCTION

The Public Employee Retirement Commission was created in 1981 by the Public Employee Retirement Commission Act. The Commission is composed of nine members, five of whom are appointed by the Governor with the advice and consent of the Senate and four of whom are appointed by the leaders of the General Assembly.

Under the Public Employee Retirement Commission Act, the Commission has two main responsibilities. One is to review proposed legislation affecting public employee retirement systems. The other is to study, on a continuing basis, public employee retirement system policy, the interrelationships of the several systems, and their actuarial soundness and cost.

Under the Municipal Pension Plan Funding Standard and Recovery Act, adopted in 1984, the Commission has three additional responsibilities. The first is to administer the actuarial valuation reporting program for municipal retirement systems, which entails monitoring and enforcing compliance with the statutorily mandated actuarial funding standard. The second is to certify annually municipal pension cost data used in allocating the General Municipal Pension System State Aid money of over \$116 million. The last is to administer the Financially Distressed Municipal Pension System Recovery Program that involves the annual determination and certification of distress data used in allocating the Supplemental State Assistance of up to \$35 million. In addition, under Act 293 of 1972, the Commission administers the actuarial valuation reporting program for county retirement systems.

One of the other responsibilities of the Commission under the Public Employee Retirement Commission Act is to issue an annual report to the Governor and the General Assembly. The first three reports were issued on a fiscal year basis. This is the sixth report issued on a calendar year basis.

The Commission thanks those who actively participated in its meetings, the members of its Advisory Committees and the organizations they represent, and all others who have offered advice and support to the Commission during 1990.

TABLE OF CONTENTS

	PAGE
LETTER OF TRANSMITTAL.....	i
DEDICATION	iii
INTRODUCTION.....	v
DUTIES AND RESPONSIBILITIES OF THE COMMISSION.....	1
Part I. Preparation of Actuarial Notes and Advisory Notes	3
A. Statutory Provisions	5
B. Summary of 1991 Activity	6
C. Synopses of Actuarial Notes	6
● S. B.345, P. N. 355, Municipal - Second Class A City (Scranton) Employees' Retirement Systems	7
● S.B. 405, P. N. 718, PSERS and SERS	10
● S. B. 752, P. N. 797, Municipal - PMRS	14
● S. B. 985, P. N. 1079, Municipal - Optional Retirement Systems for Nonuniformed Employees in Cities of the Third Class	16
● S. B. 1109, P. N. 1226, Municipal - County Pension Law	19
● H. B. 232, P. N. 466, PSERS	21
● H. B. 505, P. N. 562, SERS	25
● H. B. 558, P. N. 635, PSERS	28
● H. B. 611, P. N.614, SERS	31
● H. B. 994, P. N. 2016, Municipal - Optional Retirement Systems for Nonuniformed Employees in Cities of the Third Class	33
● H. B. 1007, P. N. 1134, Municipal - Police Officers and Firefighters in Cities of the Third Class	37
● H. B. 1148, P. N. 1306, Municipal - Firefighters in Cities of the Third Class	41
● H. B. 1159, P. N. 1323, PSERS.....	43
● H. B. 1366, P. N. 1584, Municipal - Optional Retirement Systems for Nonuniformed Employees in Cities of the Third Class	46
● H. B. 1697, P. N. 2021, Municipal - County Pension Law	50

TABLE OF CONTENTS
(Continued)

	PAGE
Part II Public Employee Retirement System Administration	53
A. Administration of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984)	55
B. Administration of Act 293 of 1972	55
Part III Public Employee Retirement System Policy Development and Coordination	59
A. Statutory Provisions	59
B. Research	59
C. Statewide Public Employee Retirement System Reviews	60
State Employees' Retirement System Actuarial Valuation Review	61
Public School Employees' Retirement System Actuarial Valuation Review	67
Pennsylvania Municipal Retirement System Actuarial Valuation Review	72
APPENDICES	75
A. Advisory Committees and Actuarial Services	77
B. Legislative Procedures	79
C. By-Laws	81
D. Listing of Bills Regarding Public Employee Retirement Issues 1991 - 92 Session	83

**DUTIES AND RESPONSIBILITIES
OF THE COMMISSION**

**PREPARATION OF
ACTUARIAL NOTES
AND
ADVISORY NOTES**

PART I

PREPARATION OF ACTUARIAL NOTES AND ADVISORY NOTES

A. STATUTORY PROVISIONS.

The Public Employee Retirement Commission Act provides, in pertinent part:

Section 6. Powers and duties.

(a) In general - The commission shall have the following powers and duties:

(13) To issue actuarial notes pursuant to section 7.

Section 7. Actuarial notes.

- (a) *Note required for bills. - Except as otherwise provided in subsection (f)(1), no bill proposing any change relative to a public employee pension or retirement plan shall be given second consideration in either House of the General Assembly, until the commission has attached an actuarial note prepared by an enrolled pension actuary which shall include a reliable estimate of the cost and actuarial effect of the proposed change in any such pension or retirement system.*
- (b) *Note required for amendments. - Except as otherwise provided in subsection (f)(2), no amendment to any bill concerning any public employee pension or retirement plan shall be considered by either House of the General Assembly until an actuarial note prepared by an enrolled pension actuary has been attached.*
- (c) *Preparation of note. - The commission shall select an enrolled pension actuary to prepare an actuarial note which shall include a reliable estimate of the financial and actuarial effect of the proposed change in any such pension or retirement system.*
- (d) *Contents of a note. - The actuarial note shall be factual, and shall, if possible, provide a reliable estimate of both the immediate cost and effect of the bill and, if determinable or reasonably foreseeable, the long-range actuarial cost and effect of the measure.*
- (e) *Notes for proposed constitutional amendments. - The commission shall issue an actuarial note, prepared by an enrolled pension actuary, for any joint resolution proposing an amendment to the Constitution of Pennsylvania which initially passes either House of the General Assembly. If said joint resolution is subsequently amended and passes either House of the General Assembly, a new actuarial note shall be prepared.*

The requirement that an actuarial note be attached to public employee pension and retirement bills prior to their second consideration in either house of the General Assembly was a modification of the legislative process. In response to this statutory mandate to prepare the required actuarial notes, the Commission and the leaders of the General Assembly developed and implemented legislative procedures. The standardization of these procedures makes it easier to expeditiously and efficiently provide the required actuarial information to the

of the chairman. The procedures also clarify the availability of the Commission's staff to provide technical assistance to members of the General Assembly on matters relating to public employee retirement system design, financing, and administration. The legislative procedures also provide for the preparation of advisory notes for committee chairmen. The Commission uses an advisory note, as distinct from an actuarial note, for the analysis of proposed legislation when the bill is being considered by a committee of the General Assembly. The advisory note is prepared primarily by the Commission's staff with review or additional analysis by one of the Commission's consulting actuaries as deemed necessary.

The legislative procedures are included in this report as Appendix B.

B. SUMMARY OF 1991 ACTIVITY.

During 1991, the Commission authorized the attachment of fifteen actuarial notes to fifteen bills. In addition, the Commission's staff provided the General Assembly with four advisory notes on five bills.

C. SYNOPSES OF ACTUARIAL NOTES.

A synopsis of each actuarial note containing a summary of each bill, its actuarial costs, and its disposition follows. These synopses are arranged by Senate and House Bill in numerical order.

Bill ID: Senate Bill 345, Printer's Number 355
System: Second Class A City (Scranton) Employees' Retirement Systems
Subject: Purchase of Service Credit for Military Service

SYNOPSIS OF BILL

Senate Bill 345, Printer's Number 355, would amend the Home Rule Charter and Optional Plans Law to authorize a city of the second class A (Scranton) to permit all city employees to purchase pension service credit for prior military service.

DISCUSSION

Title 38, Veterans' Benefits, of the United States Code requires that individuals whose employment is interrupted by military service have their intervening military service time counted towards their benefits upon return to civilian life, including service credits in retirement systems. Section 7306 of the Military Code permits employees going on military leaves of absence to continue contributing to the retirement system to which they belonged in civilian life while they are in intervening military service or to discontinue contributing while they are in military service and then to make these discontinued contributions upon return to civilian employment.

Reflecting this federal and Commonwealth statutory law, the statutes governing all three public employee retirement systems of the City of Scranton (police officers, firefighters, and nonuniformed employees) give service credit for intervening military service. These statutes also permit the purchase of up to five years of nonintervening military service if the employee enters city employment within three years from the date of release from active duty. It is, apparently, the requirement that a discharged member of the armed services be employed by the city within three years to be eligible to purchase service credit for nonintervening military service that the proposal seeks to change.

The bill is drafted as an amendment to the Home Rule Charter and Optional Plans Law. This statute gives municipalities the right to adopt home rule charters and optional plans of government in order to exercise the powers of local self-government subject to certain restrictions. The home rule powers set forth in the act and the procedure required in order to exercise those powers are broadly applicable to all classes of municipalities. The restrictions set forth on the exercise of home rule powers deal with broad subject areas. The addition of a provision to the Home Rule Charter and Optional Plans Law granting authority to a specific municipality to take a specific action regarding public employee retirement system matters does not appear to coincide with the general purpose of the statute. The conflicting provisions of the statutes governing second class A city employee retirement systems would remain law and potentially create confusion.

The City of Scranton has adopted a home rule charter giving the city general powers of local self-government. Apparently there have been a number of judicial interpretations that have served to restrict the City's exercise of home rule powers and have narrowed its views of its home rule authority. If the City believes that it is restricted to the provisions of Commonwealth statutes governing second class A city employee retirement systems, a more conventional approach for gaining the power to amend the provisions authorizing employees to purchase service credit for nonintervening military service would be to amend the specific statutes governing the City's employee retirement systems.

DISCUSSION (Cont'd)

The Municipal Pension Plan Funding Standard and Recovery Act establishes the procedure for determining financial distress in municipal retirement systems. This distress determination is based on a quantified evaluation of both the aggregate actuarial condition of a municipality's retirement systems and the general fiscal condition of the municipality. The City of Scranton elected to participate in the Recovery Program for Financially Distressed Municipal Pension Plans established by the Act. The Public Employee Retirement Study Commission has determined that the City is eligible to participate in Level III of the Recovery Program, which applies to severely distressed municipal retirement systems. Beginning in 1988 and continuing for a maximum of 15 years, the Act establishes a Supplemental State Assistance Program for certain municipalities participating in the Recovery Program. The Assistance Program is financed by annual appropriations from the Commonwealth's general fund not exceeding \$35 million. The amount of assistance is directly related to the degree of financial distress in the individual municipal retirement system. In 1990, the City of Scranton received \$198,594.08, the fourth highest allocation of the sixteen made to municipalities participating in the Supplemental State Assistance Program.

On January 1, 1989, the actuarial value of assets as a percentage of the actuarial accrued liabilities of the city's employee retirement systems were as follows: Firefighters - 9.32%; Police Officers - 31.17%; and Nonuniformed Employees - 69.61%. The attached actuarial notes indicates that the total unfunded actuarial accrued liabilities of the City's retirement systems exceeded \$64 million as of January 1, 1990.

SUMMARY OF ACTUARIAL COST IMPACT

The bill represents general enabling legislation. Specific provisions relating to the purchase of service credit for military service would be set forth in ordinances adopted by the City of Scranton to implement the authority granted under the bill. Under the Municipal Pension Plan Funding Standard and Recovery Act, actuarial cost estimates must be prepared for the city council before it enacts the ordinances. The Commission's consulting actuary has made the following general observations:

- ◆ Provisions for purchase of service credit for military service do have significant employer costs.
- ◆ City's retirement system for nonuniformed employees would be less affected by the purchase of service credit for military service provisions than the police officers' and firefighters' retirement systems.
- ◆ The cost of liberalization is not presently measurable because the specific provisions have not been adopted and the demographic data are not available regarding the employees who would benefit. As an example of the potential cost of the purchase of service credit for military service provisions, extrapolating from an actuarial study of the police officers' retirement system in another city, the consulting actuary estimates that the bill could increase the unfunded actuarial accrued liabilities in the City's retirement systems for police officers and firefighters by as much as \$3,000,000.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy considerations:

- ◆ Financially Distressed Retirement Systems. The public employee retirement systems of the City of Scranton have substantial unfunded actuarial accrued liabilities. The City's retirement systems have been determined to be "severely distressed," the highest level of distress under the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984). There is reason to seriously consider whether the proposed change to remove the time restriction on the purchase of service credit for non-intervening military service is warranted in view of the potentially large increase in the already substantial unfunded actuarial accrued liabilities of the City's retirement systems.

POLICY CONSIDERATIONS (Cont'd)

- ♦ Lack of Specificity. The bill specifies neither how the amount of the service purchase is to be calculated nor the source of the purchase payments. The bill also does not specify the structure of the service purchase authorizations. For example, it lacks limits on the length of service to be purchased, limits on the time for electing the purchase option, time limit for payment of contributions, restrictions on withdrawal of purchase payments, and restrictions on duplication of service credits.

- ♦ Legislative Approach. Amending the Home Rule Charter and Optional Plans Law is not be the most appropriate legislative approach for accomplishing the intent of the proposed legislation. Amending the specific statutes governing the city's retirement systems may be a more appropriate legislative approach.

- ♦ Optional Implementation. Elimination of the current time restriction on the option to purchase service credit for nonintervening military service authorized in the bill will not become effective unless implemented by ordinances adopted by the city council after it has received actuarial cost estimates of the proposed changes.

COMMISSION RECOMMENDATION

On June 12, 1991, the Commission voted to attach the actuarial note to the bill, expressing general concern about the policy issues identified above and particular concern about the propriety of significantly increasing the unfunded actuarial accrued liabilities in municipal pension plans classified as severely distressed.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

Senate Bill 345, Printer's Number 355, was laid on the Senate table on April 23, 1991.

Bill ID: Senate Bill 405, Printer's Number 718

System: State Employees' Retirement System and Public School Employees' Retirement System

Subject: Implementation of Additional Service Credit Early Retirement Incentive and Extension of Special Early Retirement Provisions

SYNOPSIS OF BILL

Senate Bill 405, Printer's Number 718, would:

- ✦ Amend the State Employees' Retirement Code, Title 71 (State Government) of the Pennsylvania Consolidated Statutes, to permit certain active members of the State Employees' Retirement System who have attained age 55, have completed ten years of service, and terminate active service between February 1, 1991, and September 30, 1991, to apply for retirement before January 1, 1992, and receive credit for an additional ten percent of their Class A and Class C service without paying any additional member contributions. All employees eligible to apply for this benefit would be active members of SERS who are not members of the judiciary, members of the General Assembly, elected officials, or officers of the Pennsylvania State Police. The bill also provides that the extra ten percent of Class A and Class C service credit shall be forfeited in the event an annuitant who has received this retirement incentive returns to Commonwealth service;
- ✦ Amend the State Employees' Retirement Code, Title 71 (State Government) of the Pennsylvania Consolidated Statutes, to revise the existing special early retirement provisions to permit retirement with 30 years of service at any age without a reduction in annuity because the retiree is younger than the superannuation age and to extend these provisions from the effective date of the legislation to June 30, 1993; and
- ✦ Amend the Public School Employees' Retirement Code, Title 24 (Education) of the Pennsylvania Consolidated Statutes, to extend the existing special early retirement provisions from September 30, 1991, to June 30, 1993.

DISCUSSION

The bill would grant additional service credit equal to ten percent of accrued service credits to the credited service of each eligible SERS member terminating service during the eight months period from February 1, 1991, to September 30, 1991, and retiring before January 1, 1992. Eligibility for the additional service credit is limited to SERS members who are at least 55 years old, have at least ten years of service credit, and are not members of the judiciary, members of the General Assembly, elected officials, or officers of the Pennsylvania State Police. The bill applies to approximately 17,000 SERS members. The effect of the additional service credit would be to add an amount equal to from two to over six percent of the final average salary to the value of the basic benefit prior to modification, the added amount being proportional to the length of service. Any member who retired after January 31, 1991, and prior to the effective date of this bill would be entitled to have the member's annuity recomputed under these additional service credit early retirement incentive provisions. The unfunded actuarial accrued liability resulting from the adoption of these additional service credit early retirement incentive provisions would be funded on a uniform annual dollar amount basis over a ten year period from July 1, 1991.

DISCUSSION (Cont'd)

The bill would revise and extend the existing SERS special early retirement provisions. The bill would revise these provisions to permit any SERS member who has at least 30 eligibility points to retire without a reduction in annuity due to the retiree's age being under superannuation age and extend these revised provisions from the effective date of the bill to June 30, 1993.

Beyond its direct impact on early retirement probability, the SERS additional service credit early retirement incentive indirectly functions to increase the probable utilization of the early retirement opportunity in two ways. First, SERS members currently must have at least 25 years of service credit (or be age 60 with 10 years of service credit) to be eligible for Commonwealth paid medical insurance in retirement. With the additional service credit early retirement incentive, members who are at least age 55 and have at least 22.8 years of service credit will be eligible for Commonwealth paid medical insurance in retirement. Second, SERS Class A members who are less than age 60 would have to have at least 30 years of service credit to be eligible for unreduced retirement annuities under the revised special early retirement provisions being proposed. With the additional service credit early retirement incentive, members who are at least age 55 and have at least 27.3 years of service credit will be eligible for unreduced retirement annuities. These additional benefits will provide added inducement for eligible members to take advantage of the early retirement opportunity.

The bill also would extend the existing PSERS special early retirement provisions from September 30, 1991, to June 30, 1993. These provisions permit any PSERS member with at least 30 eligibility points to retire without a reduction in annuity due to the retiree's age being under superannuation age.

SUMMARY OF ACTUARIAL COST IMPACT

SERS ADDITIONAL SERVICE CREDIT EARLY RETIREMENT INCENTIVE. The actuarial cost of the SERS additional service credit early retirement incentive provisions will be dependent on the utilization pattern experienced. The Commission's consulting actuary indicates that there is insufficient history upon which to base an accurate assumption concerning probable utilization. The attached actuarial note prepared by the Commission's consulting actuary presents a range of cost estimates based on low, moderate, and high utilization patterns. The estimated net increase in annual cost ranges from \$14 million under the low utilization scenario to \$21 million under the high utilization scenario. The consulting actuary indicates that, in his best professional judgement, *the moderate utilization assumption is most probable and produces the most accurate additional cost estimate.*

	<u>Low Utilization</u>	<u>Moderate Utilization</u>	<u>High Utilization</u>
Number of Members Electing Incentive	6,150	7,975	9,800
Increase in Unfunded Actuarial Accrued Liability	\$159,000,000	\$202,000,000	\$245,000,000
Increase (Decrease) in Annual Cost			
Normal Cost	(\$ 8,000,000)	(\$ 11,000,000)	(\$ 13,000,000)
Amortization Cost	<u>22,000,000</u>	<u>28,000,000</u>	<u>34,000,000</u>
Total	\$ 14,000,000	\$ 17,000,000	\$ 21,000,000

Note: The actuarial cost estimates for the SERS amendments do not include those members who retire from February 1, 1991, to March 31, 1991. Since it is estimated that there will be about 150 such individuals, the actuarial cost estimates are not likely to be materially affected.

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

REVISION AND EXTENSION OF EXISTING SERS SPECIAL EARLY RETIREMENT PROVISIONS. The SERS consulting actuary estimates that extending the existing SERS special early retirement provisions until June 30, 1993, would result in the following costs:

Increase in Unfunded Actuarial Accrued Liability	\$ 64,100,000
Total Increase in Annual Cost (First Year)	\$ 6,630,000

EXTENSION OF EXISTING PSERS SPECIAL EARLY RETIREMENT PROVISIONS. The PSERS consulting actuary estimates that extending the existing PSERS special early retirement provisions until June 30, 1993, would result in the following costs. The Commission's consulting actuary reviewed these estimates and found them to be reasonable.

Increase in Unfunded Actuarial Accrued Liability	\$142,000,000
Total Increase in Annual Cost (First Year)	\$ 5,900,000

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy considerations:

- ♦ **Voluntary Retirement In Lieu of Furloughs.** The bill provides a mechanism for voluntary reductions in the work force in lieu of mandatory reductions effected through the furlough process.
- ♦ **Benefit Increase Proportional to Service.** The additional service credit early retirement incentive provisions provide benefits to eligible employees in proportion to the length of their service. This approach is more equitable than approaches that give a fixed additional service credit to all employees, and it results in a lower cost to the Commonwealth than such approaches.
- ♦ **Salary Savings Potential.** The economic rationale of the bill is highly dependent on whether the employees induced to retire are replaced. Lower replacement ratios will result in greater salary savings. Lower replacement practices will effect salary savings that offset a portion of the actuarial cost of the bills. A generally applicable early retirement incentive program, including agencies where no permanent reduction in the work force is likely or desirable, will reduce the salary savings potential of the bill. Although salary cost savings will accrue to the Commonwealth and school districts, the salary cost savings will be reduced by the amortization cost of the bill and the total salaries and benefits of replaced employees.
- ♦ **Increased Cost of Future Cost-of-Living Adjustments.** The bill may generate costs associated with granting future supplemental annuities. Employees retiring earlier than normal due to the early retirement programs may become entitled to additional supplemental annuities during their extended retired lifetimes.
- ♦ **Appropriateness of Retroactive Benefit Determinations.** The proposed additional service credit early retirement incentive provides for the recomputation of annuities for individuals retiring after January 31, 1991, and before the effective date of the legislation. There would appear to be little consistency

POLICY CONSIDERATIONS (Cont'd)

between the object of an early retirement incentive program and retroactive application of the benefit. If equity is the issue prompting the proposed retroactive application of the benefit, the individuals retiring after January 31, 1991, and before the effective date of the legislation could appropriately be granted a special post retirement adjustment equal to the benefit they would have had if the program had been in effect when they retired.

COMMISSION RECOMMENDATION

On March 20, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

As Printer's Number 1502, Senate Bill 405 was signed into law by the Governor on August 5, 1991, as Act 23 of 1991.

Bill ID: Senate Bill 752, Printer's Number 797
System: Pennsylvania Municipal Retirement System
Subject: Administrative Expenses

SYNOPSIS

Senate Bill 752, Printer's Number 797, would amend the Pennsylvania Municipal Retirement Law to extend to calendar years 1991, 1992, 1993, and 1994 the authority to use excess interest earnings to pay administrative expenses.

DISCUSSION

There are two sources for the payment of Pennsylvania Municipal Retirement System (PMRS) administrative expenses, which are:

- (1) An annual assessment per member levied on participating municipal employing entities as set by the PMRS board, which is not to exceed \$20 per active member; and
- (2) A charge against the PMRS investment income in excess of the actuarial interest assumption set by the PMRS board, which is not to exceed six-tenths of one percent of the total value of PMRS assets.

The authorization to use interest earnings above the actuarial assumption is applicable for a limited period of years, subject to periodic legislative extensions, and it is applicable only if the annual per member assessment is insufficient to cover the total amount of PMRS administrative expenses. Experience evidences that the annual per member assessment is normally insufficient to pay the total administrative expenses of PMRS.

SUMMARY OF ACTUARIAL COST IMPACT

The bill authorizes no modification in benefits provided by PMRS and authorizes no increase in PMRS administrative expenses beyond the budget submitted to the General Assembly for approval. The bill represents a reauthorization of the current practice for financing the System's administrative expenses and has no actuarial cost impact within the meaning of the Public Employee Retirement Study Commission Act (Act 1981-66).

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ✦ **Inequitable Apportionment of Administrative Costs.** The current procedure for financing PMRS administrative expenses allows for a potentially inequitable apportionment of the burden to pay administrative costs among the various municipalities participating in PMRS.
- ✦ **Constriction on Appropriate Assumptions.** The utilization of investment income in excess of the actuarial interest assumption to pay administrative expenses places a constriction on selecting the most appropriate economic actuarial assumptions for the System.

POLICY CONSIDERATIONS (Cont'd)

- * **Reauthorizations Required.** The current procedure is not authorized on a permanent basis. Periodic statutory reauthorizations are required in order to prevent expiration of the authority to use excess investment income to pay administrative expenses. Development of a viable, stable, and appropriate long-term financing procedure for meeting the administrative expenses of PMRS would be desirable.

COMMISSION RECOMMENDATION

On June 12, 1991, the Commission voted to attach the actuarial note to the bill, indicating that the bill has no actuarial cost or actuarial impact within the meaning of the Public Employee Retirement Study Commission Act and expressing concern about the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

Senate Bill 752 was re-reported as Printer's Number 1354 by the Senate Appropriations Committee on June 17, 1991, passed the Senate (45-0) on June 19, 1991, and was re-referred to the House Rules Committee on December 8, 1991.

Bill ID: Senate Bill 985, Printer's Number 1079

System: Optional Retirement Systems for Non-uniformed Employees in Cities of the Third Class

Subject: Cost-of-Living Adjustments for Retirees and Survivors

SYNOPSIS

Senate Bill 985, Printer's Number 1079, would amend the statute relating to the optional retirement systems for nonuniformed employees in cities of the third class:

- ✦ To add to the membership of the retirement system board a retired city employee chosen by the association of retired city employees; and
 - ✦ To permit adjustments in benefits paid by the system to reflect increases in the cost-of-living but limiting the total allowance to not more than one-half of the current salary being paid to nonuniformed employees of the highest pay grade.
-

DISCUSSION

Under the provisions of the act of May 23, 1945 (P.L. 903, No. 362), relating to an optional retirement system for nonuniformed employees, a city of the third class may establish a retirement system for its officers and employees as an alternative to an existing retirement system under The Third Class City Code.

This optional retirement system is administered by an Officers and Employees Retirement Board. The statute requires that the membership of this board consist of the mayor, the city controller, the director of finance, two employees chosen by the employees contributing to the pension trust fund, and, if members of the city council participate in the system, a member of council chosen by council. The bill would add to this retirement board a retired city employee chosen by the association of retired city employees.

A post retirement adjustment is a special type of retirement benefit. It is an increase in the amount of the retirement benefit that was initially payable at retirement. Post retirement adjustments may be granted for a number of reasons, but the most common is to increase retirement pay to reflect some of the increase in the cost-of-living since an employee retired. Neither The Third Class City Code nor the optional retirement system statute provide for cost-of-living adjustments to retired nonuniformed employees, while The Third Class City Code does permit cost-of-living adjustments for retired police officers and firefighters. The bill would permit the retirement board to grant cost-of-living adjustments to both retirees and their survivors. The cost-of-living adjustment could not increase the benefit to more than one-half of the current salary being paid to the nonuniformed employees of the highest pay grade.

SUMMARY OF ACTUARIAL COST IMPACT

The actuarial note presents cost estimates for a sample of five third class city nonuniformed employee retirement systems. The note provides two estimates for these five systems. The first is based on benefit increases equal to 100% of the increase in the cost-of-living (Consumer Price Index), which is the maximum permitted in the bill. The second assumes benefit increases equal to 50% of the increase in the cost-of-living (Consumer Price Index).

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

As summarized below, the cost of an ad hoc cost of living adjustment varies substantially from city to city depending upon the age of its retirement system, the average retirement age, the number of retired members in relation to active members, and the average length of time during which these individuals have been retired. When a commitment is made as to future updating of the COLAs, the long-range cost implications are seen to be fairly substantial, especially at the level of 100% of the increase in the Consumer Price Index.

	<u>City 1</u>	<u>City 2</u>	<u>City 3</u>	<u>City 4</u>	<u>City 5</u>
Size of Active Workforce	Under 25	Under 25	150-249	150-249	250-499
<u>100% CPI COLA</u>					
10 Year Level Dollar-UAAL*	1.4%	3.1%	9.8%	3.2%	14.0%
Future COLA					
Present Retirees					
10 Year Level Dollar-UAAL*	3.1%	5.5%	9.3%	2.5%	11.5%
Present Actives					
20 Year Level Dollar-UAAL*	4.9%	7.1%	4.8%	2.9%	3.5%
Normal Cost	6.1%	4.9%	2.5%	1.9%	1.3%
Total Increase in Annual Cost	15.5%	19.7%	26.4%	10.5%	30.3%
<u>50% CPI COLA</u>					
Ad Hoc Past COLA Only					
10 Year Level Dollar-UAAL*	0.7%	1.4%	4.2%	1.3%	5.7%
Future COLA					
Present Retirees					
10 Year Level Dollar-UAAL*	1.3%	2.2%	3.4%	0.9%	4.0%
Present Actives					
20 Year Level Dollar-UAAL*	2.1%	3.3%	2.2%	1.3%	0.9%
Normal Cost	2.6%	1.7%	1.1%	0.9%	0.3%
Total Increase in Annual Cost	6.7%	8.6%	10.9%	4.4%	10.9%

*Unfunded Actuarial Accrued Liability

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ **Act 205 Funding Requirement.** Since the enactment of the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), any change in the provisions of a municipal pension plan must be actuarially valued prior to the municipality's enactment of the proposed change and paid for on an actuarial basis. The sentence "No cost-of-living increase shall be granted which would impair the actuarial soundness of the fund" should be deleted, and language should be added to ensure compliance with section 305 of Act 205. Draft language to effect this change is attached.
- ♦ **Board Membership.** The ratio of municipal officials to employee representatives on the retirement board will be changed by the proposed addition of the retired member. Also, there may be administrative difficulty experienced due to the requirement that the retired member be chosen by the association of retired city employees, since an association of retired city employees may not exist.
- ♦ **Uniformity and Equity Among City Employees.** As similar provisions are provided for uniformed employees in cities of the third class, the proposed change is a move toward establishing equity among third class city employees with regard to the authorization for cost-of-living increases. If this proposal is determined to be appropriate, the authorization should be extended to regular nonuniformed employee retirement systems in cities of the third class as well.
- ♦ **Constitutional Conflict.** In its 1984 report to the General Assembly and Governor on postretirement adjustments, the Commission pointed out that conventional wisdom has interpreted section 26 of article III (Legislation) of the Constitution of Pennsylvania as prohibiting the payment of postretirement increases in public employee retirement system benefits to the survivors of retired public employees. To the extent that the bill would permit increases in the benefits paid to survivors of retirees, it may be unconstitutional.
- ♦ **Consumer Price Index to be Used.** The Consumer Price Index for All Urban Consumers (CPI-U) calculated by the Bureau of Labor Statistics of the United States Department of Labor would provide greater precision than the phrase "cost-of-living".

COMMISSION RECOMMENDATION

On June 12, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

Senate Bill 985 was amended to Printer's Number 1361 on third consideration in the Senate on June 18, 1991, passed the Senate (45-0) on June 19, 1991, and was referred to the House Local Government Committee on June 25, 1991.

Bill ID: Senate Bill 1109, Printer's Number 1226

System: County Pension Law

Subject: Reemployment of Retired Employees

SYNOPSIS

Senate Bill 1109, Printer's Number 1226, would amend the County Pension Law to grant an exemption from the statutorily required reduction in retirement allowances for county retirees reentering county service to those retirees: (1) who are reemployed for county service on a part-time basis and serve less than 1,000 hours a year; (2) who serve as jurors, masters, or arbitrators; and (3) who serve in positions where the county home rule charter prohibits that retiree from being a member of the county employees' retirement system. The bill also would amend the Law to provide that the retirement allowance of retirees reemployed for county service on a part-time basis who serve for more than 1,000 hours a year would be reduced by an amount equal to the compensation received up to, but not exceeding, the amount of the retirement allowance.

DISCUSSION

The County Pension Law applies to every county of the second class A through eighth class; that is, all counties except Allegheny and Philadelphia. In each county, the law provides for the establishment of a retirement system that is a combination of a county-funded defined benefit plan and a member-funded defined contribution plan.

From its enactment on August 31, 1971, until January 1, 1991, section 24 of the County Pension Law provided that, if a retired county employee receiving a retirement allowance served as a juror, master, or arbitrator, or was employed on a per diem basis for 30 days a year or less, the retiree was not deemed reemployed. In the case of any other county retiree reemployed by the county, the retirement allowance ceased and the retiree was reinstated as an active member of and a contributor to the county employees' retirement system.

By Act 136 of 1990, effective January 1, 1991, section 24 was amended to provide that, if a retired county employee receiving a retirement allowance serves as a juror, master, or arbitrator, or is employed on a part-time basis, the retiree's retirement allowance is reduced by an amount equal to the amount of the compensation received but not exceeding the amount of the retirement allowance. Part-time is defined as employment with the expectation of completing less than 1,000 hours of service a year. In the case of any other county retiree reemployed by the county, the retirement allowance continues to cease and the retiree to be reinstated.

This amended provision has created a situation in which any part-time service by a retired county employee is performed on an essentially volunteer basis. It is possible that, in some cases, reemployed county retirees are replacing after tax income with before tax income. The provision has a negative impact on the willingness of county retirees to seek or accept part-time reemployment or to serve as jurors, masters, or arbitrators.

The bill would further amend section 24 retroactive to January 1, 1991, to provide that, if a retired county employee serves as a juror, master, or arbitrator, serves in a position where the county home rule charter prohibits that retiree being a member of the county employees' retirement system, or is reemployed in a part-time capacity and serves less than 1,000 hours a year, that retiree will not be deemed reemployed. In the case of a county retiree who returns to county service in a part-time capacity but serves more than 1,000 hours a year, the retirement allowance would be reduced by an amount equal to the amount of the compensation received but not exceeding the amount of the retirement allowance. In the case of any other county retiree reemployed by the county, the retirement allowance would continue to cease and the retiree to be reinstated.

DISCUSSION (Cont'd)

Although the actuarial cost method used by most county employee retirement systems does not permit a comparison between assets and actuarial accrued liabilities, it can be said that the systems generally are very well funded.

SUMMARY OF ACTUARIAL COST IMPACT

Because current contribution rates are based on the assumption that all annuitants will receive their full retirement benefits for their entire lives without any periods where payments might be suspended due to a return to service, there is no material direct actuarial cost attributable to the proposed liberalization of the conditions under which retirees may return to service without reduction or suspension of retirement allowances.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ Management Flexibility. The proposal in the bill would provide counties with greater managerial flexibility by enabling them to obtain and retain the services of experienced older county employees on a part-time basis.
- ♦ Continuing and Non Emergency Employment. The bill departs from traditional public employee retirement system policy by permitting a return to part-time work with the former employer on a continuing and non emergency basis.
- ♦ Ambiguous Language Clarifications.

The bill should be amended to clarify that the retirement allowance of a retiree reemployed on a part-time basis is reduced for service in excess of 1,000 hours *a year*.

The bill should be amended to clarify that, for a retiree reemployed on a part-time basis, the retirement allowance does not cease, and the retiree neither is reinstated as an active member of and contributor to the retirement system nor earns additional service credit in the retirement system for the part-time service.

COMMISSION RECOMMENDATION

On September 11, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

Senate Bill 1109 was re-reported as Printer's Number 1760 by the Senate Rules and Executive Nominations Committee on November 25, 1991, and passed the Senate (31-18) on December 10, 1991.

Bill ID: House Bill 232, Printer's Number 466

System: Public School Employees' Retirement System

Subject: Purchase of Service Credit for Mandatory Maternity Leave of Absence and Cadet Nurse Corps Service, Extension of Existing Special Early Retirement Provisions, and Returning to School Service During an Emergency

SYNOPSIS

House Bill 232, Printer's Number 466, would amend the Public School Employees' Retirement Code to:

- ✦ Authorize the purchase of creditable nonschool service credit for a mandatory maternity leave of absence occurring prior to May 17, 1975;
- ✦ Authorize the purchase of creditable nonschool service credit for service in the Cadet Nurse Corps;
- ✦ Authorize the extension of the existing special early retirement provisions from September 30, 1991, to June 30, 1993; and
- ✦ Revise the conditions under which an annuitant may be temporarily reemployed without suspension of annuity.

DISCUSSION

Purchase of Service Credit. Members of the Public School Employees' Retirement System (PSERS) currently are able to purchase credit for a small number of categories of nonschool and nonstate service. These include: approved leaves of absence without pay; intervening and limited nonintervening military service; limited nonvested service in public education in another state or with the federal government; service in a community college under the Community College Act; service with a county school board where administrative duties or the agency was transferred to some other governmental entity with PSERS coverage; and service as a county nurse.

The bill would expand the list of purchasable nonschool service to include a mandatory maternity leave of absence occurring prior to May 17, 1975. The purchase would be limited to two years per leave. The purchase contribution could not be withdrawn under Option 4.

The bill also would expand the list of purchasable nonschool service to include Cadet Nurse Corps service of at least two years as a student or graduate nurse. The Cadet Nurse Corps was a program of the federal government that was funded for the period June 1943 through December 1946. The purchase would be limited to not more than three years service credit. The purchase contribution could be withdrawn under Option 4.

The purchase payment amount required for each year of service credit purchased under these proposals would be the actual contribution rate applied to the salary of the first year of subsequent PSERS service plus interest at the statutory interest rate of four percent.

Continuation of Special Early Retirement Provisions. Members of PSERS currently are able to retire earlier than normal under the special early retirement provisions. The bill would extend the provisions from September 30, 1991, to June 30, 1993. These provisions permit any PSERS member with at least 30 eligibility points to retire without a reduction in annuity due to the retiree's age being under the superannuation age.

DISCUSSION (Cont'd)

Return to School Service During an Emergency. The Public School Employees' Retirement Code provides that the annuity payable under the code is suspended when an annuitant returns to public school service. There are certain exceptions to these suspension requirements. A PSERS annuitant's annuity is not suspended if the annuitant is recalled during an emergency, provided the recall does not exceed 75 days. The bill would do the following: (1) increase the period from 75 days to 95 full-day sessions in any school year during which an annuitant may return to school service without suspension of the annuity, (2) add shortages of appropriate subject-certified teachers as a condition under which a recall is permitted, and (3) provide for time of less than one-half of a day to be counted as one-half of a day.

SUMMARY OF ACTUARIAL COST IMPACT

PURCHASE OF SERVICE CREDIT FOR MANDATORY MATERNITY LEAVE OF ABSENCE. Due to the absence of demographic data on the PSERS members who are eligible to purchase this service credit, an exact estimate of the actuarial cost of the proposed provision could not be made. Based on an analysis of a large number of hypothetical cases, the consulting actuary concluded that the purchase amount paid by the member would be equal to only 40% of the increase in the present value of benefits resulting from the service credit purchase, with the remainder increasing the unfunded actuarial accrued liability of PSERS. Based on the assumption that the total years of additional service credit to be bought ranges from 0.34% to 1.63% of the total PSERS credited service, the following actuarial cost estimate presents a range of potential cost applicable to the proposed service credit purchase authorization.

	<u>Range of Potential Cost</u>
Increase in Unfunded Actuarial Accrued Liability	\$ 56,000,000 - \$224,000,000
Increase in Annual Cost	
Normal Cost	\$ 0 - \$ 0
Amortization	<u>3,600,000 - 14,300,000</u>
Total Increase in Annual Cost	\$ 3,600,000 - \$ 14,300,000

PURCHASE OF SERVICE FOR CADET NURSE CORPS SERVICE. Due to the absence of demographic data on the PSERS members who are eligible to purchase this service credit, an exact estimate of the actuarial cost of the proposed provision could not be made. Base on an assumption that the number of eligible members is between 32 and 50, the following actuarial cost estimate presents a range of potential cost applicable to the proposed service credit purchase authorization.

	<u>Range of Potential Cost</u>
Increase in Unfunded Actuarial Accrued Liability	\$ 700,000 - \$ 1,150,000
Increase in Annual Cost	
Normal Cost	\$ 0 - \$ 0
Amortization	<u>44,700 - 73,500</u>
Total Increase in Annual Cost	\$ 44,700 - \$ 73,500

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

EXTENSION OF EXISTING PSERS SPECIAL EARLY RETIREMENT PROVISIONS. The PSERS consulting actuary estimates that extending the existing PSERS special early retirement provisions until June 30, 1993, would result in the following costs. The Commission's consulting actuary reviewed the estimate and found it to be reasonable.

Increase in Unfunded Actuarial Accrued Liability	\$142,000,000
Total Increase in Annual Cost (First Year)	\$ 5,900,000

RETURN TO SCHOOL SERVICE DURING AN EMERGENCY. Because current contribution rates are based on the assumption that all annuitants will receive their full retirement benefits for their entire lives without any periods where payments might be suspended due to a return to service, there is no direct actuarial cost attributable to the proposed liberalization of the conditions for temporary returns to service without suspension of annuities.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy considerations:

- ♦ **Appropriateness of Service Credit Purchases for Equity Purposes.** Purchases of prior service credit in public employee retirement systems should be limited to situations where the service purchase is necessary for the purpose of equity.
- ♦ **Appropriateness of Mandated Maternity Leave Purchases.** Employer-mandated maternity leaves required by some school districts in the past have since been determined to be contrary to public policy. Failure to recognize the period of mandated leave as credited service in PSERS may, therefore, be considered to be an unfair impairment of the pension rights of the affected employees. An authorization to purchase credit for previously unrecognized service is an appropriate remedy for an employer-caused inequity in cases where no administrative remedy is available.
- ♦ **Appropriateness of Cadet Nurse Corps Service Purchase.** Congress recently authorized federal employees with Cadet Nurse Corps service to purchase service credit under the federal retirement system. For the federal government, this represented an authorization to purchase credit for prior, previously unrecognized, civilian service with the same government. For the school districts and the Commonwealth, the service credit purchase authorization would represent permission to purchase credit for civilian service with another governmental entity.
- ♦ **Maintenance of Benefit Parity.** The purchase of credit for Cadet Nurse Corps service by members of the State Employees' Retirement System (SERS) was authorized by legislation enacted in October 1988. Commonwealth policymakers generally have attempted to maintain parity of benefits between PSERS and SERS.
- ♦ **Absence of Limit on Option 4 Withdrawal.** The bill does not exclude the purchase payment for Cadet Nurse Corps service credit from Option 4 lump sum withdrawal. This would enable an employee who is eligible to purchase this service credit very close to the time of retirement, become entitled to an increased retirement benefit, and receive an almost immediate return of the purchase amount as part of the Option 4 withdrawal. The absence of a restriction on withdrawal of the purchase amount under Option 4 increases the cost to the retirement system associated with the authorization to purchase credit for this nonschool service.

POLICY CONSIDERATIONS (Cont'd)

- ♦ Increased Cost of Future Cost-of-Living Adjustments. The extension of the existing special early retirement provisions may generate costs associated with granting future supplemental annuities. Employees retiring earlier than normal due to the early retirement program may become entitled to additional supplemental annuities during their extended retired lifetimes.

- ♦ Management Flexibility. The bill provides managerial flexibility in obtaining the services of experienced older public school employees in certain critical situations. The effect of the demographic composition of the population as shown in work force studies is that employers are going to have increasing difficulty in recruiting younger and retaining older employees. The proposal would enable public schools to obtain the services of needed experienced employees in certain critical situations.

COMMISSION RECOMMENDATION

On April 16, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 232, Printer's Number 466, was re-committed to the House Appropriations Committee on March 13, 1991. The proposals included in House Bill 232 were amended into Senate Bill 405, which as Printer's Number 1502, was signed into law by the Governor on August 5, 1991, as Act 23 of 1991.

Bill ID: House Bill 505, Printer's Number 562

System: State Employees' Retirement System

Subject: Additional Ten Percent Service Credit Early Retirement Incentive

SYNOPSIS

House Bill 505, Printer's Number 562, would amend the State Employees' Retirement Code, Title 71 (State Government) of the Pennsylvania Consolidated Statutes, to permit certain active members of the State Employees' Retirement System who have attained age 55 and completed ten years of service to apply for retirement between April 1, 1991, and September 30, 1991, and receive credit for an additional ten percent of their Class A service without paying any additional member contributions. All employees eligible to apply for this benefit would be active members of SERS who are not members of the judiciary, members of the General Assembly, elected officials, or officers of the Pennsylvania State Police. The bill also provides that the extra ten percent of Class A service credit shall be forfeited in the event an annuitant who has received this retirement incentive returns to Commonwealth service.

DISCUSSION

The bill would grant additional service credit equal to ten percent of accrued service credits to the credited service of each eligible SERS member retiring during the six month period from April 1, 1991, to September 30, 1991. Eligibility for the additional service credit is limited to SERS members who are at least 55 years old, have at least ten years of service credit, and are not members of the judiciary, members of the General Assembly, elected officials, or officers of the Pennsylvania State Police. The bill applies to about 17,000 SERS members. The effect of the additional service credit would be to add an amount equal to from two to over six percent of the final average salary to the value of the basic benefit prior to modification, the added amount being proportional to the length of service. The unfunded actuarial accrued liability resulting from the adoption of this bill would be funded on a uniform annual dollar amount basis over a ten year period from July 1, 1992.

An existing special early retirement provision also will expire on September 30, 1991. This existing provision permits an SERS member who is at least age 53 and has at least 30 years service credit to retire without a reduction in the annuity because the member's age is less than the superannuation age and also permits an SERS member who is at least 50 but less than 53 and has at least 30 years of service credit to retire with an annuity that only is reduced 1/4% a month for every month under age 53.

Beyond its direct impact on early retirement probability, the bill indirectly functions to increase the probable utilization of the early retirement opportunity in two ways. First, SERS members currently must have at least 25 years of service credit (or be age 60 with 10 years of service credit) to be eligible for Commonwealth paid medical insurance in retirement. Under the bill, members who are at least age 55 and have at least 22.8 years of service credit will be eligible for Commonwealth paid medical insurance in retirement. Second, SERS Class A members who are at least age 53 currently must have at least 30 years of service credit to be eligible for unreduced retirement annuities under the existing special early retirement provisions. Under the bill, members who are at least age 55 and have at least 27.3 years of service credit will be eligible for unreduced retirement annuities. These additional benefits will provide added inducement for eligible members to take advantage of the early retirement opportunity.

SUMMARY OF ACTUARIAL COST IMPACT

The actuarial cost of this bill will be dependent on the utilization pattern experienced. The Commission's consulting actuary indicates that there is insufficient history upon which to base an accurate assumption concerning probable utilization. The attached actuarial note prepared by the Commission's consulting actuary presents a range of cost estimates based on low, moderate, and high utilization patterns. The estimated net increase in annual cost ranges from \$14 million under the low utilization scenario to \$21 million under the high utilization scenario. The consulting actuary indicates that, in his best professional judgement, *the moderate utilization assumption is most probable and produces the most accurate additional cost estimate.*

	<u>Low Utilization</u>	<u>Moderate Utilization</u>	<u>High Utilization</u>
Number of Members Electing Incentive	6,150	7,975	9,800
Increase in Unfunded Actuarial Accrued Liability	\$159,000,000	\$202,000,000	\$245,000,000
Increase (Decrease) in Annual Cost			
Normal Cost	(\$ 8,000,000)	(\$ 11,000,000)	(\$ 13,000,000)
Amortization Cost	<u>22,000,000</u>	<u>28,000,000</u>	<u>34,000,000</u>
Total	<u>\$ 14,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 21,000,000</u>

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy considerations:

- ♦ Voluntary Retirement In Lieu of Furloughs. The bill provides a mechanism for voluntary reductions in the work force in lieu of mandatory reductions effected through the furlough process.
- ♦ Benefit Increase Proportional to Service. The bill provides benefits to eligible employees in proportion to the length of their service. This approach is more equitable than approaches that give a fixed additional service credit to all employees, and it results in a lower cost to the Commonwealth than such approaches.
- ♦ Salary Savings Potential. The economic rationale of the bill is highly dependent on whether the employees induced to retire are replaced. Lower replacement ratios will result in greater salary savings. Lower replacement practices will effect salary savings that offset a portion of the actuarial cost of the bills. A generally applicable early retirement incentive program, including agencies where no permanent reduction in the work force is likely or desirable, will reduce the salary savings potential of the bill. Although salary cost savings will accrue to the Commonwealth, the salary cost savings will be reduced by the amortization cost of the bills and the total salaries and benefits of replaced employees.
- ♦ Increased Cost of Future Cost-of-Living Adjustments. In addition to the actuarial cost of granting additional years of credited service, the bill may generate costs associated with granting future supplemental annuities. Employees retiring earlier than normal due to the early retirement incentive program may become entitled to additional supplemental annuities during their extended retired lifetimes.

COMMISSION RECOMMENDATION

On March 20, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 505, Printer's Number 562, was re-referred to the House Appropriations Committee on April 9, 1991.

Bill ID: House Bill 558, Printer's Number 635

System: Public School Employes' Retirement System

Subject: Purchase of Service Credit for Pennsylvania Nonpublic School Service

SYNOPSIS

House Bill 558, Printer's Number 635, would amend the Public School Employes' Retirement Code to authorize the purchase of service credit for nonschool service in Pennsylvania nonpublic schools or higher education institutions by individuals entitled to Pennsylvania public school teaching certification at the time of the nonpublic service. Service credit could be purchased at the rate of one year for each three years of eligible nonpublic school service, not to exceed a total of five years. Contributions payable by the member for purchase of the service credit would be equal to the increase in the present value at the time of purchase attributable to the additional credited service calculated on the basis of the average annual compensation for the first three years of credited public school service subsequent to the purchasable nonpublic school service. These contributions would not be payable as a lump sum withdrawal under Option 4.

DISCUSSION

Members of the Public School Employes' Retirement System (PSERS) currently are able to purchase credit for the following types of service: approved leaves of absence without pay; intervening and nonintervening military service; service in public education in another state or with the federal government, including service in a community college under the Community College Act; service with a county school board where administrative duties or the agency was transferred to some other governmental entity with PSERS coverage; and service as a county nurse.

SUMMARY OF ACTUARIAL COST IMPACT

Due to the absence of specific demographic data on the PSERS members who may be eligible to purchase this service, a refined estimate of the actuarial cost of the proposed legislation could not be made. Based on an analysis of a large number of hypothetical cases, the actuary concluded that the purchase amount paid by the member would be equal to approximately 46% of the full actuarial cost, with the remainder increasing the unfunded actuarial accrued liability of the PSERS. The actuarial note presents a range of potential cost attributable to utilization patterns ranging between 15% and 30% of the maximum cost for the estimated 5,000 members of PSERS who may be eligible to purchase the service credit. This reflects an average purchase of 0.75 to 1.5 years of creditable service. Based on this range of service purchased, the estimated costs are as follows:

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

	<u>Range of Actuarial Cost</u>	
Increase in Unfunded Actuarial Accrued Liability	\$ 8,000,000	- \$16,000,000
Increase (Decrease) in First Year Annual Cost		
Normal Cost	\$ 0	- \$ 0
Amortization Payment	350,000	- 700,000
Total Increase in Annual Cost	\$ 350,000	- \$ 700,000

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ✦ Departure from Policy Guidelines. In June of 1989, the Public Employee Retirement Study Commission published Service Purchase Authorizations for Pennsylvania Public Employee Retirement Systems, a report recommending policy guidelines for authorizing, funding, and structuring service purchases. The bill does not conform to the recommendations in this report concerning authorizing, funding, and structuring service purchases.

Inequity of Certain Service Purchase Authorizations. The Commission recommended that service purchase authorizations not be employed as a means of recognizing the past education, training, or work experience of public employees based on the public policy determination that the recognition of these activities represents a departure from the conventionally recognized role of a public employee retirement system as an employment-related benefit maintained principally in the interest of those devoting a substantial career to public service. The use of service purchase authorizations on an ad hoc basis to recognize past education, training, or experience requires policymakers to make arbitrary determinations concerning what types of past service should be purchasable and results in inequitable treatment of public employees.

Appropriateness of Credit for Nonpublic School Service. The specific situations for which the Commission considered the use of service purchase authorizations to be appropriate were those involving military service, transfers of governmental function, the reinstatement of service credits following a break in service, and remedying inequalities caused by employer actions.

- ✦ Members' Purchase Payments. Although the bill does not use the specific method for determining payment amounts that is recommended in the Commission's study on service credit purchases, the payment determination does partially conform with the study's recommendation that members of public employee retirement systems be required to pay an amount representing both member and employer cost.
- ✦ Adequacy of Purchase Payments. The funding method in the proposal represents a partial payment of the full cost by the member. The consulting actuary, however, estimates that the purchase amount payable by the member would be equal to approximately 46% of the full actuarial cost of the increased benefit acquired through the purchase of service credit. A purchase transaction that favors the member at the expense of the retirement system is appropriate only in cases where the service credit purchase is necessary for the purpose of equity.

POLICY CONSIDERATIONS (Cont'd)

- ♦ **Purchase Payment Precluded from Withdrawal.** The Commission also recommended that, in cases where the service purchase amount required to be paid by an employee includes amounts representative of both employer and employee cost attributable to the purchased service, the portion of the payment representing employer cost be precluded from withdrawal by a member upon retirement or upon leaving employment with entitlement to a vested deferred benefit. The bill contains such a provision.

COMMISSION RECOMMENDATION

On June 12, 1991, the Commission voted to attach the actuarial note to the bill, expressing concern about the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 558, Printer's Number 635, was re-committed to the House Appropriations Committee on May 14, 1991.

Bill ID: House Bill 611, Printer's Number 614

System: State Employees' Retirement System

Subject: Enforcement Officers' Benefit Account

SYNOPSIS

House Bill 611, Printer's Number 614, would:

- ♦ Amend the Liquor Code to repeal the provision requiring one-half of all application, filing, and transfer fees to be paid to the State Employees' Retirement System for the Enforcement Officers' Benefit Account;
- ♦ Require that any balance remaining in the Enforcement Officers' Retirement Account in The State Stores Fund on the effective date of the bill be transferred to the General Fund; and
- ♦ Require that any balance in the Enforcement Officers' Benefit Account in the State Employees' Retirement Fund not needed to cover the value of Class C benefits of retirees and active members be transferred to the General Fund within 30 days of the effective date of the bill.

DISCUSSION

Any enforcement officer of the Liquor Control Board who became a member of the State Employees' Retirement System (SERS) prior to March 1, 1974, was classified as a Class C member. Any such employee who became a member after February 28, 1974, is classified as a Class A member. The additional Class C benefits are available to individuals who at any time in their career were in this category even if they now are in an entirely different position. The additional benefit is an additional annuity computed as the annuity the balance in the member's contribution account would purchase at the time a member retires. Currently 125 retirees are receiving this benefit, and 93 active members will receive this benefit when they retire.

Funding the SERS benefits for these Class C members requires a total contribution made up of (1) the basic contribution for regular Class A retirement benefits, (2) an additional contribution rate for age 50 superannuation, and (3) an additional contribution rate for the additional Class C benefits. The member contributes 5% of salary towards this total cost, and the Commonwealth contributes the remainder.

The Commonwealth's contribution to fund the additional Class C benefits has come from a special revenue source. This revenue comes from one-half of all application, filing, and transfer fees collected by the Pennsylvania Liquor Control Board under the Liquor Code. Although no new members have been added to this class since March 1, 1974, the special revenue contributions have continued to be paid and have resulted in a balance in the Enforcement Officers' Benefit Account that exceeds the liability for the additional Class C benefits payable both to annuitants and beneficiaries and to active and inactive members. On December 31, 1989, the SERS consulting actuary valued this overfunded balance at \$4,715,332.

The bill would (1) stop the continued payment of this unneeded contribution from The State Stores Fund, (2) pay to the General Fund any balance remaining in the Enforcement Officers' Retirement Account in The State Stores Fund that has not been paid to the State Employees' Retirement Fund, and (3) pay to the General Fund the unneeded portion of the balance in the Enforcement Officers' Benefit Account in the State Employees' Retirement Fund.

SUMMARY OF ACTUARIAL COST IMPACT

The consulting actuary estimates that the amount by which the Enforcement Officers' Benefit Account is overfunded is approximately \$5 million.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy considerations:

- ✦ Continuation of Contributions for Additional Class C Benefits. No new SERS members are being classified as Class C Enforcement Officers, and the balance in the reserve account to pay the additional Class C Enforcement Officers benefits exceeds the total potential liabilities. There is no longer a need to make contributions into the State Employees' Retirement Fund to finance these benefits, and it may be appropriate to eliminate the transfer of money into the Enforcement Officers' Benefit Account.
- ✦ Overfunded Status of Enforcement Officers' Benefit Account. Based on the December 31, 1989, SERS actuarial valuation report, the SERS assets cover 79.88% of the system's actuarial accrued liabilities. The assets of the Enforcement Officers' Benefit Account cover 124.3% of the liabilities for the present value of benefits payable from the account to active members, inactive members, annuitants, and beneficiaries. Before reverting the overfunded balance in the Enforcement Officers' Benefit Account to the General Fund, the General Assembly and the Governor may wish to consider retaining the assets in the State Employees' Retirement Fund to reduce its unfunded actuarial accrued liability.
- ✦ Reserve for Variations in Actuarial Assumptions. There is no means to determine the exact amount of assets needed to fully fund the additional Class C enforcement officers benefits for all eligible members. If the proposed reversion of the unneeded balance in the Enforcement Officers' Benefit Account of SERS is authorized, the SERS actuary should determine an appropriate amount above the present value of future benefits to be reserved in the Enforcement Officers' Benefit Account as a reserve for variations in interest and mortality experience. The bill, therefore, should make provision for the disposition of the balance remaining after all liabilities have been satisfied.
- ✦ Appropriateness of Asset Reversion. Except for employer contributions made by reason of a mistake of fact, reversion of employer contributions or other assets of a pension trust fund may not be appropriate prior to the satisfaction of all liabilities to members and beneficiaries upon termination of the pension plan. (The SERS Board has taken a position on this issue outlined in the attached letter.)

COMMISSION RECOMMENDATION

On April 16, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 611, Printer's Number 614, was re-committed to the House Appropriations Committee on June 3, 1991.

Bill ID: House Bill 994, Printer's Number 2016

System: Optional Retirement Systems for Nonuniformed Employees in Cities of the Third Class

Subject: Replacing Active Member with Retired Member on System Board and Cost-of-Living Adjustments for Retirees

SYNOPSIS

House Bill 994, Printer's Number 2016, would amend the statute relating to the optional retirement systems for nonuniformed employees in cities of the third class to:

- ✦ Change the membership of the retirement system board so that one of the two employee members is a retired city employee chosen by the association of retired city employees; and
 - ✦ Permit adjustments in benefits paid by the system to retired members to reflect increases in the cost of living but limiting the total allowance to not more than one-half of the current salary being paid to nonuniformed employees of the highest pay grade.
-

DISCUSSION

Under the provisions of the act of May 23, 1945 (P.L. 903, No. 362), relating to an optional retirement system for nonuniformed employees, a city of the third class may establish a retirement system for its officers and employees as an alternative to an existing retirement system under The Third Class City Code. These statutes apply to every city of the third class; that is, all cities except Philadelphia, Pittsburgh, and Scranton.

The optional retirement system is administered by an Officers and Employees Retirement Board. The statute requires that the membership of this board consist of the mayor, the city controller, the director of finance, two employees chosen by the employees contributing to the pension trust fund, and, if members of the city council participate in the system, a member of council chosen by council. The bill would change the membership of the board from two employees chosen by the employees to one chosen by the employees and one retiree chosen by the association of retired city employees effective with the first vacancy among the two employee members that occurs after August 31, 1991.

A post retirement adjustment is a special type of retirement benefit. It is an increase in the amount of the retirement benefit that was initially payable at retirement. Post retirement adjustments may be granted for a number of reasons, but the most common is to increase retirement pay to reflect some of the increase in the cost of living since an employee retired. Neither The Third Class City Code nor the optional retirement system statute provide for cost of living adjustments (COLAs) to retired nonuniformed employees, while The Third Class City Code does permit cost-of-living adjustments for retired police officers and firefighters. The bill would permit the retirement system board to recommend and the city council and the mayor to approve increases in the benefits paid by the system to retired members to reflect increases in the cost-of-living but limiting the total allowance to not more than one-half of the current salary being paid to nonuniformed employees of the highest pay grade.

SUMMARY OF ACTUARIAL COST IMPACT

The actuarial note indicates that the proposal to change the membership of the retirement system board has no actuarial implications.

The actuarial note presents cost estimates for a sample of five retirement systems for nonuniformed employees in cities of the third class. The note provides two estimates for these five systems. The first is based on benefit increases equal to 100% of the increase in the cost-of-living (Consumer Price Index). The second assumes benefit increases equal to 50% of the increase in the cost-of-living (Consumer Price Index).

As summarized below, the cost of an ad hoc cost-of-living adjustment varies substantially from city to city depending upon the age of its retirement system, the average retirement age, the number of retired members in relation to active members, and the average length of time during which these individuals have been retired. When a commitment is made as to future updating of the COLAs, the long-range cost implications are seen to be fairly substantial, especially at the level of 100% of the increase in the Consumer Price Index.

	<u>City 1</u>	<u>City 2</u>	<u>City 3</u>	<u>City 4</u>	<u>City 5</u>
Size of Active Workforce	Under 25	Under 25	150-249	150-249	250-499

100% CPI COLA

Ad Hoc Past COLA Only

10 Year Level Dollar-UAAL*	1.4%	3.1%	9.8%	3.2%	14.0%
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Future COLA

Present Retirees 10 Year Level Dollar-UAAL*	3.1%	5.5%	9.3%	2.5%	11.5%
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Present Actives 20 Year Level Dollar-UAAL*	4.9%	7.1%	4.8%	2.9%	3.5%
Normal Cost	6.1%	4.0%	2.5%	1.9%	1.3%

Total Increase in Annual Cost	15.5%	19.7%	26.4%	10.5%	30.3%
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*Unfunded Actuarial Accrued Liability

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

50% CPI COLA

Ad Hoc Past COLA Only

10 Year Level Dollar-UAAL*	0.7%	1.4%	4.2%	1.3%	5.7%
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Future COLA

Present Retirees					
10 Year Level Dollar-UAAL*	1.3%	2.2%	3.4%	0.9%	4.0%

Present Actives					
20 Year Level Dollar-UAAL*	2.1%	3.3%	2.2%	1.3%	0.9%
Normal Cost	2.6%	1.7%	1.1%	0.9%	0.3%

Total Increase in Annual Cost	6.7%	8.6%	10.9%	4.4%	10.9%
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*Unfunded Actuarial Accrued Liability

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ✦ **Language Clarification.** Since the enactment of the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), any change in the provisions of a municipal pension plan must be actuarially valued prior to the municipality's enactment of the proposed change and paid for on an actuarial basis. The sentence "No cost-of-living increase shall be granted which would impair the actuarial soundness of the fund" should be deleted from proposed section 4.1.(a) because proposed section 4.1.(b) ensures compliance with section 305 of Act 205. Draft language to effect this change is attached.
- ✦ **Uniformity and Equity of Pension Benefits.** As similar provisions are provided for uniformed employees in cities of the third class, the proposed change is a move toward establishing equity among employees of cities of the third class with regard to the authorization for cost-of-living increases. If this proposal is determined to be appropriate, the authorization should be extended to regular retirement systems for nonuniformed employees in cities of the third class as well.
- ✦ **Potential Implementation Difficulty.** The bill makes no provision for the appointing authority for retired members in the event that no association of retired city employees exists.

POLICY CONSIDERATIONS (Cont'd)

- ♦ **Permissive Legislation:** The proposal authorizes local government employers to implement a change in the benefit structure of their employee pension plans. It is appropriate for the Commonwealth to permit benefit structure modifications rather than require them because of the decentralized nature of local governments and the need to accommodate the variation that exists.

COMMISSION RECOMMENDATION

On November 13, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 994, was re-reported as amended by the House Appropriations Committee on November 26, 1991, amended and passed the House (203-0) on December 11, 1991, and as Printer's Number 2891 referred to the Senate Local Government Committee on December 26, 1991.

Bill ID: House Bill 1007, Printer's Number 1134

System: Police Officers and Firefighters in Cities of the Third Class

Subject: Authorizing Purchase of Service Credit for Nonintervening
Military Service Without the Approval of City Council

SYNOPSIS

House Bill 1007, Printer's Number 1134, would amend The Third Class City Code by authorizing police officers and firefighters to purchase up to five years of retirement system service credit for nonintervening military service without city council approval of such purchases.

DISCUSSION

The Third Class City Code applies to every city of the third class; that is, all cities except Philadelphia, Pittsburgh, and Scranton. In each city of the third class, the statute provides for the establishment of a defined benefit plan retirement system for police officers and a defined benefit plan retirement system for firefighters. Under the provisions of The Third Class City Code, with the approval of city council, a police officer or firefighter may purchase service credit for up to five years of nonintervening military service, if the police officer or firefighter arranges to pay both the member's contributions and the city's contributions for the period of nonintervening military service. Under the Municipal Pension Plan Funding Standard and Recovery Act, enacted December 18, 1984, before the city council adopts this benefit modification, the chief administrative officer of its public safety employee retirement system must provide the city council with a cost estimate. The bill would remove the requirement for city council approval of such service credit purchases.

According to a recent informal survey by the Public Employee Retirement Study Commission of 53 cities of the third class, 29 of their police officer pension plans currently provide for the purchase of service credit for non-intervening military service and 24 do not, and 20 of their firefighter pension plans provide for the purchase of service credit for nonintervening military service and 23 do not. These data may not be precisely accurate because, based on conversation with actuaries and city officials, it appears to the Commission that some cities that responded that they do not allow the purchase of service credit for nonintervening military service have allowed for the purchase on a case-by-case basis, and some that responded that they do allow the purchase of service credit for nonintervening military service have not formalized their ordinances to include the provision.

Fifty-one municipalities participate in the Financially Distressed Municipal Pension System Recovery Program under the Municipal Pension Plan Funding Standard and Recovery Act. Of these 51, 40 are cities of the third class. Twenty-one of these 40 cities are classified as minimally distressed, 14 are classified as moderately distressed, and five are classified as severely distressed. The average fund ratio of police officer and firefighter pension trust funds in cities of the third class is 55%. That means that only \$55 of assets are available to pay for every \$100 of liabilities.

In all boroughs, towns, and townships with three or more full-time police officers, the provisions of the municipal police officer pension plans are prescribed by the Municipal Police Pension Law. Before February 17, 1991, the Law made no provision for nonintervening military service. Under Act 205 of 1990 (effective February 17, 1991), the Law was amended to make the purchase of service credit for up to five years of nonintervening military service optional with the municipality. Under the Municipal Pension Plan Funding Standard and Recovery Act, before the governing body of the municipality adopts this benefit modification, the chief administrative officer of its police officer retirement system must provide the governing body with a cost estimate. The purchase

DISCUSSION (Cont'd)

payment amount is computed by applying the average normal cost rate for borough, town, and township police officer retirement systems, not exceeding ten percent, to the average annual compensation for the first three years of municipal service and multiplying by the number of years of service being purchased and adding interest at the rate of four and three-quarters percent compounded annually from the date of initial entry into municipal service to the date of payment.

The bill mandates a benefit change for certain third class city public safety employee retirement systems. The mandated benefit currently is authorized as an optional benefit and is subject to collective bargaining. Individual cities may have valid reasons for not implementing the benefit. These may include the actuarial condition of the pension trust fund or the absence of the issue being raised in the course of employee negotiations.

In June of 1989, the Public Employee Retirement Study Commission published *Service Purchase Authorizations for Pennsylvania Public Employee Retirement Systems*, a report recommending policy guidelines for authorizing, funding, and structuring service purchases. In the report, the Commission recommended that military service be one of the limited situations considered appropriate for future authorizations to purchase service credits in public employee retirement systems. The Commission further recommended that an amount representing both member and employer cost be required to be paid by a member purchasing nonintervening military service. The provisions of The Third Class City Code regarding the purchase of service credit for nonintervening military service by police officers and firefighters may result in a purchase contribution that is less than the cost of the service credit purchased.

The bill does not specify a time limit within which an eligible member must exercise the option to purchase the service credit. The general actuarial rule concerning the purchase of credit for prior service is that the later a service credit purchase occurs in an individual's working career, the greater the relative value of the benefit obtained by the purchase and the greater the potential of an actuarial cost to be borne by the pension plan. The imposition of a time limit on the exercise of the purchase option serves to limit the potential actuarial liability associated with the purchase. The Commission recommended in its study on service credit purchases that employees be required to exercise the purchase option within three years of becoming eligible to do so (i.e., within three years of employment where the option already is contained in the pension plan or within three years of the effective date of a newly authorized service purchase).

SUMMARY OF ACTUARIAL COST IMPACT

The actuarial note indicates that a reliable estimate of the overall actuarial cost of the legislation is not possible due to the lack of data concerning the number of members of third class city public safety employee retirement systems who would be eligible to purchase nonintervening military service, the amount of service that could be purchased by each eligible member, the rules and regulations of the cities regarding how much and when payment must be made by the member purchasing the service credit, and the normal retirement date selected by the city.

Cost information for one selected city was provided by one of the Commission's consulting actuaries. The consulting actuary indicated that the city developed high costs associated with purchases of service credit for military service because its pension plan bases retirement eligibility solely on service resulting in earlier than normal retirement in all cases where service credits are purchased. Since the purchase contribution by the employee was based on the low entry salaries and the employees generally are buying their service when they retire, the city is paying most of the cost. The Commission believes that this example represents the higher end of the continuum.

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

**EXAMPLE OF ACTUARIAL COST IMPACT
ON A SELECTED POLICE OFFICER RETIREMENT SYSTEM**

Members Eligible to Purchase Nonintervening Military Service Credit

Year Hired	Number Eligible	Military Minimum	Service Average	Time Maximum
1965-1969	17	0.05	2.74	4
1970-1974	11	0.75	3.61	5
Total	28		3.08	
Total Active Members	115			

**INCREASE IN UNFUNDED ACTUARIAL ACCRUED LIABILITY IF
ALL ELIGIBLE MEMBERS PURCHASE MAXIMUM SERVICE CREDIT TO WHICH ENTITLED**

Per Member Per Year of Service Credit	\$ 9,600
Total for All Members	\$828,000

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ **Policy Guidelines.** In June of 1989, the Public Employee Retirement Study Commission published *Service Purchase Authorizations for Pennsylvania Public Employee Retirement Systems*, a report recommending policy guidelines for authorizing, funding, and structuring service purchases.

Appropriateness of Service Credit for Nonintervening Military Service. In the report, the Commission considered the use of service purchase authorizations for the purpose of providing compensation for periods of military service that delayed the commencement of a career in public employment to be appropriate from a public policy standpoint.

Purchase Contribution. In the report, the Commission recommended that an amount representing both member and employer cost be required to be paid by a member purchasing nonintervening military service. The provisions of The Third Class City Code regarding the purchase of such service credit by police officers and firefighters are designed to represent both member and employer cost; however, the implementation of these provisions may not conform with the goal for those employed before December 18, 1984, the effective date of the Municipal Pension Plan Funding Standard and Recovery Act, because of the absence of an actuarial funding standard.

Lack of Time Limit for Exercising Purchase Option. In the report, the Commission recommended that employees be required to exercise the purchase option within three years of becoming eligible to do so. The mandated purchase option to purchase service credit lacks any time

POLICY CONSIDERATIONS (Cont'd)

limit on the exercise of the option. This increases the potential actuarial cost exposure of the affected third class city public safety employee retirement systems.

- ♦ Commonwealth-Mandated Benefit. The bill mandates a benefit modification for certain third class city public safety employee retirement systems. The mandated benefit currently is authorized as an optional benefit and is subject to collective bargaining. The appropriateness of the Commonwealth mandating cities of the third class to provide the benefit is questionable from a public policy standpoint.
- ♦ Unequal Treatment of City Employees. The bill only applies to the retirement systems for police officers and firefighters in cities of the third class. It fails to provide a similar benefit in the retirement systems for other employees of these cities.

COMMISSION RECOMMENDATION

On September 11, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above and expressing concern about the propriety of mandating this retirement benefit provision.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 1007, Printer's Number 1134, was re-committed to the House Appropriations Committee on October 15, 1991.

Bill ID: House Bill 1148, Printer's Number 1306

System: Firefighters in Cities of the Third Class

Subject: Continuation of Surviving Spouse's Benefit until Death Regardless of Remarriage

SYNOPSIS

House Bill 1148, Printer's Number 1306, would amend section 4321 of The Third Class City Code to change the provision stopping the survivor spouse benefit when the firefighter's surviving spouse remarries to a provision to pay the survivor spouse benefit for the life of the surviving spouse.

DISCUSSION

The Third Class City Code applies to every city of the third class; that is, all cities except Philadelphia, Pittsburgh, and Scranton. In each city of the third class with paid firefighters, the statute provides for the establishment of a defined benefit retirement system for firefighters. Under The Third Class City Code, the surviving spouse or child under age 18 of a retired firefighter or an active firefighter who dies while still in service is entitled to receive the pension payment the retired firefighter was receiving or the active firefighter would have been receiving had the active firefighter been retired at the time of death. The pension is payable during the lifetime of the surviving spouse or until the surviving spouse remarries. If the surviving spouse dies or remarries, the pension is payable to a child under age 18. The bill would remove the the requirement for the pension payment to a surviving spouse to stop if the surviving spouse remarries.

According to actuarial valuation reports filed with the Public Employee Retirement Study Commission, on January 1, 1989, 40 of the 53 cities of the third class had firefighter pension plans, and the number of such plans totaled 43.

Similar provisions for pensions payable to the surviving spouse of an active or retired municipal employee to cease on remarriage also exist for police officers and nonuniformed employees under The Third Class City Code; for nonuniformed employees under the statute relating to the optional retirement systems for nonuniformed employees in cities of the third class; and police officers in boroughs, towns, and townships with three or more full time police officers under the Municipal Police Pension Law (Act 600). On the other hand, under the standard pension plans administered by the Pennsylvania Municipal Retirement System (PMRS), at the time of retirement, a retiring municipal employee may elect to receive a single life annuity or, if the retiring employee wishes to provide financial assistance for dependents who may outlive the retiree and is willing to receive a smaller monthly retirement allowance during the rest of the retiree's life, a retiring municipal employee may elect to receive retirement pay in one of the three optional ways provided. None of these three options terminates the retirement system benefit to a surviving spouse upon remarriage.

Public Employee Retirement System retirement benefits can be paid in any number of ways, but The Third Class City Code provides only one choice to a retiring firefighter — a single life annuity or, if there are surviving dependants, a joint and survivor annuity that terminates when a surviving spouse remarries or a surviving child reaches age 18. Not only are there no other choices, the two variations do not have the same present value. A single life annuity for a retiring firefighter with no dependants has a lower present value than a joint and survivor annuity for a retiring firefighter with a surviving spouse.

SUMMARY OF ACTUARIAL COST IMPACT

Because most, if not all, current contribution rates are based on the assumption that all surviving spouses will receive their full retirement system benefits for their entire lives without termination because of remarriage, there is no material actuarial cost attributable to the proposed liberalization of the conditions under which surviving spouses may receive their retirement system benefits.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ **Uniformity and Equity of Pension Benefits.** Similar termination of surviving spouses' annuities upon remarriage is provided for police officers and nonuniformed employees in cities of the third class. If this proposal is determined to be appropriate, the modification of survivor benefit provisions should be extended to all other employees of cities of the third class as well.
- ♦ **Provision of Uniform Retirement Options.** Because not all retiring local government employees have the same situation with dependents and finances, the availability of various retirement options of equal present value is appropriate. The General Assembly may wish to consider legislation providing a uniform set of equal present value optional retirement benefits for all local government employees regardless of job or local government classification.

COMMISSION RECOMMENDATION

On November 13, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor favorably consider the bill.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 1148, Printer's Number 1306, was re-committed to the House Appropriations Committee on October 15, 1991.

Bill ID: House Bill 1159, Printer's Number 1323

System: Public School Employes' Retirement System

Subject: Purchase of Service Credit for Vocational Teacher Work Experience

SYNOPSIS

House Bill 1159, Printer's Number 1323, would amend the Public School Employes' Retirement Code to authorize the purchase of service credit for nonschool service for previous work experience as required for permanent vocational teacher certification. Service would be creditable at the rate of one year for each three years of eligible work experience, not to exceed a total of five years. Contributions payable by the member for purchase of the service credit would be equal to the increase in the actuarial present value at the time of purchase attributable to the additional credited service calculated on the basis of the average annual compensation for the first three years of credited public school service subsequent to the purchasable work experience. These contributions would not be payable as a lump sum withdrawal under Option 4.

DISCUSSION

Members of the Public School Employes' Retirement System (PSERS) currently are able to purchase credit for the following types of service: approved leaves of absence without pay; intervening and nonintervening military service; service in public education in another state or with the federal government, including service in a community college under the Community College Act; service with a county school board where administrative duties or the agency was transferred to some other governmental entity with PSERS coverage; and service as a county nurse.

SUMMARY OF ACTUARIAL COST IMPACT

Due to the absence of specific demographic data on the PSERS members who may be eligible to purchase this service, a refined estimate of the actuarial cost of the proposed legislation could not be made. Based on an analysis of a large number of hypothetical cases, the actuary concluded that the purchase amount paid by the member would be equal to approximately 46% of the full actuarial cost, with the remainder increasing the unfunded actuarial accrued liability of the PSERS. The actuarial note presents a range of potential cost attributable to utilization patterns ranging between 15% and 30% of the maximum cost for the estimated 1,696 members of the PSERS who would be eligible to purchase the service. This reflects an average purchase of 0.75 to 1.5 years of creditable service. Based on this range of service purchased, the estimated costs are as follows:

	Range of Actuarial Cost	
Increase in Unfunded Actuarial Accrued Liability	\$ 2,700,000	- \$ 5,400,000
Increase (Decrease) in First Year Annual Cost		
Normal Cost	\$ 0	- \$ 0
Amortization Payment	120,000	- 240,000
Total Increase in Annual Cost	\$ 120,000	- \$ 240,000

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ Departure from Policy Guidelines. In June of 1989, the Public Employee Retirement Study Commission published Service Purchase Authorizations for Pennsylvania Public Employee Retirement Systems, a report recommending policy guidelines for authorizing, funding, and structuring service purchases. The bill does not conform to the recommendations in this report concerning authorizing, funding, and structuring service purchases.

Inequity of Certain Service Purchase Authorizations. The Commission recommended that service purchase authorizations not be employed as a means of recognizing the past education, training, or work experience of public employees based on the public policy determination that the recognition of these activities represents a departure from the conventionally recognized role of a public employee retirement system as an employment-related benefit maintained principally in the interest of those devoting a substantial career to public service. The use of service purchase authorizations on an ad hoc basis to recognize past education, training, or experience requires policymakers to make arbitrary determinations concerning what types of past service should be purchasable and results in inequitable treatment of public employees.

Appropriateness of Credit for Vocational Teacher Work Experience. The specific situations for which the Commission considered the use of service purchase authorizations to be appropriate were those involving military service, transfers of governmental function, the reinstatement of service credits following a break in service, and remedying inequalities caused by employer actions. Retirement system coverage or non-coverage is part of the salary and benefits package provided to employees by private industry. The service credit purchase authorization would represent permission for public school employees to purchase credit for past service in private industry.

- ♦ Members' Purchase Payments. Although the bill does not use the specific method for determining payment amounts that is recommended in the Commission's study on service credit purchases, the payment determination does partially conform with the study's recommendation that members of public employee retirement systems be required to pay an amount representing both member and employer cost.
- ♦ Adequacy of Purchase Payments. The funding method in the proposal represents a partial payment of the full cost by the member. The consulting actuary, however, estimates that the purchase amount payable by the member would be equal to approximately 46% of the full actuarial cost of the increased benefit acquired through the purchase of service credit. A purchase transaction that favors the member at the expense of the retirement system is appropriate only in cases where the service credit purchase is necessary for the purpose of equity.
- ♦ Purchase Payments Precluded from Withdrawal. The Commission also recommended that, in cases where the service purchase amount required to be paid by an employee includes amounts representative of both employer and employee cost attributable to the purchased service, the portion of the payment representing employer cost be precluded from withdrawal by a member upon retirement or upon leaving employment with entitlement to a vested deferred benefit. The bill contains such a provision.

COMMISSION RECOMMENDATION

On June 12, 1991, the Commission voted to attach the actuarial note to the bill, expressing concern about the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 1159, Printer's Number 1323, was re-committed to the House Appropriations Committee on May 14, 1991.

Bill ID: House Bill 1366, Printer's Number 1584

System: Optional Retirement Systems for Nonuniformed Employees in Cities of the Third Class

Subject: 12-Year Vesting and Cost-of-Living Adjustments for Retirees and Survivors

SYNOPSIS

House Bill 1366, Printer's Number 1584, would amend the statute relating to the optional retirement systems for nonuniformed employees in cities of the third class to:

- ✦ Provide for vesting of a proportional retirement benefit amount with 12 years of service as an optional benefit, and;
- ✦ Permit the Officers and Employees Retirement Board to recommend and the city council and the mayor to approve increases in the benefits paid by the system to retirees and survivors to reflect increases in the cost of living but limiting the total allowance to not more than one-half of the current salary being paid to nonuniformed employees of the highest pay grade.

DISCUSSION

Under the provisions of the act of May 23, 1945 (P.L. 903, No. 362), relating to an optional retirement system for nonuniformed employees, a city of the third class may establish a retirement system for its officers and employees as an alternative to an existing retirement system under The Third Class City Code. These statutes apply to every city of the third class; that is, all cities except Philadelphia, Pittsburgh, and Scranton.

Under the optional retirement system statute, a member who is involuntarily retired after 12 or more years of service is entitled to receive, beginning at age 60 (or, immediately, if the involuntary retirement occurs after age 60), a portion of a full pension based on the ratio that the member's period of service up to the date of termination bears to the full 20 year period of service. A member who is involuntarily retired after 20 or more years of service is entitled to receive a full pension after age 55 if the member continues paying contributions to the retirement system until the member is 55 at the same rate the member was paying when the member was involuntarily retired. A member who retires voluntarily, after at least 20 years service but before reaching age 60, is entitled to a full pension at age 60, if the member continues to pay into the retirement system until the member is age 55.

A post retirement adjustment is a special type of retirement benefit. It is an increase in the amount of the retirement benefit that was initially payable at retirement. Post retirement adjustments may be granted for a number of reasons, but the most common is to increase retirement pay to reflect some of the increase in the cost of living since an employee retired. Neither The Third Class City Code nor the optional retirement system statute provide for cost of living adjustments (COLAs) to retired nonuniformed employees, while The Third Class City Code does permit cost of living adjustments for retired police officers and firefighters. The bill would permit the retirement system board to recommend and the city council and the mayor to approve increases in the benefits paid by the system to reflect increases in the cost of living but limiting the total allowance to not more than one-half of the current salary being paid to nonuniformed employees of the highest pay grade.

SUMMARY OF ACTUARIAL COST IMPACT

The actuarial note indicates that, because of the relatively low probability of withdrawal of nonuniformed employees between 12 and 20 years of service, there is a fairly nominal additional cost implication to providing for 12-year vesting compared to 20-year vesting. The actuary estimates that the maximum increase of 2% in basic pension cost would result from the proposed legislation. For example, if the employer cost now is 10% of payroll, the employer cost with 12-year vesting would be 10.2% of payroll.

The actuarial note presents cost estimates for a sample of five retirement systems for nonuniformed employees in cities of the third class. The note provides two estimates for these five systems. The first is based on benefit increases equal to 100% of the increase in the cost-of-living (Consumer Price Index). The second assumes benefit increases equal to 50% of the increase in the cost-of-living (Consumer Price Index).

As summarized below, the cost of an ad hoc cost-of-living adjustment varies substantially from city to city depending upon the age of its retirement system, the average retirement age, the number of retired members in relation to active members, and the average length of time during which these individuals have been retired. When a commitment is made as to future updating of the COLAs, the long-range cost implications are seen to be fairly substantial, especially at the level of 100% of the increase in the Consumer Price Index.

	<u>City 1</u>	<u>City 2</u>	<u>City 3</u>	<u>City 4</u>	<u>City 5</u>
Size of Active Workforce	Under 25	Under 25	150-249	150-249	250-499
<u>100% CPI COLA</u>					
Ad Hoc Past COLA Only					
10 Year Level Dollar-UAAL*	1.4%	3.1%	9.8%	3.2%	14.0%
Future COLA					
Present Retirees					
10 Year Level Dollar-UAAL*	3.1%	5.5%	9.3%	2.5%	11.5%
Present Actives					
20 Year Level Dollar-UAAL*	4.9%	7.1%	4.8%	2.9%	3.5%
Normal Cost	6.1%	4.0%	2.5%	1.9%	1.3%
Total Increase in Annual Cost	15.5%	19.7%	26.4%	10.5%	30.3%

*Unfunded Actuarial Accrued Liability

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

50% CPI COLA

Ad Hoc Past COLA Only

10 Year Level Dollar-UAAL*	0.7%	1.4%	4.2%	1.3%	5.7%
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Future COLA

Present Retirees

10 Year Level Dollar-UAAL*	1.3%	2.2%	3.4%	0.9%	4.0%
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Present Actives

20 Year Level Dollar-UAAL*	2.1%	3.3%	2.2%	1.3%	0.9%
Normal Cost	2.6%	1.7%	1.1%	0.9%	0.3%

Total Increase in Annual Cost

	6.7%	8.6%	10.9%	4.4%	10.9%
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*Unfunded Actuarial Accrued Liability

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ **Permissive Legislation.** The bill provides for shorter vesting requirements for members and cost of living increases for retirees and survivors to be implemented at the option of each city of the third class following the preparation of an actuarial cost estimate of the effect of the proposed change.
- ♦ **Recent Vesting Trends.** The current long vesting requirement for nonuniformed employees in cities of the third class is consistent with long practice nationwide for public employee retirement systems and reflects the goal of employee retention. A shorter vesting requirement, as proposed in this bill, reflects the goal of accommodating increased employment mobility. The trend in retirement systems, both private and public, is towards shorter vesting periods as proposed in this bill.
- ♦ **Language Clarification.** Since the enactment of the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), any change in the provisions of a municipal pension plan must be actuarially valued prior to the municipality's enactment of the proposed change and paid for on an actuarial basis. The sentence "No cost-of-living increase shall be granted which would impair the actuarial soundness of the fund" should be deleted from proposed section 4.2(a) because proposed section 4.2(b) ensures compliance with section 305 of Act 205.

POLICY CONSIDERATIONS (Cont'd)

- ♦ **Potential Administrative Conflicts.** The 12-year vesting provision proposed in the bill covers both voluntary and involuntary terminations of service. The statute already provides for 12-year vesting of a proportional benefit in the event of an involuntary termination of service. If a city were to exercise its proposed right to adopt 12-year vesting voluntarily, there could be administrative conflicts with the existing mandatory 12-year vesting in the event of an involuntary termination. Perhaps a more appropriate legislative approach would be to amend existing section 2(b) rather than adding a new section 4.1 so that all vesting provisions are integrated in the same section of the statute.
- ♦ **Uniformity and Equity of Pension Benefits.**

Vesting Provisions. As similar vesting provisions are provided for police officers in cities of the third class, the proposed change is a move toward establishing equity among employees of cities of the third class with regard to the authorization for vesting. If this proposal is determined to be appropriate, the authorization should be extended to retirement systems for firefighters and regular retirement systems for nonuniformed employees in cities of the third class as well.

Cost-of-Living Provisions. As similar cost of living provisions are provided for uniformed employees in cities of the third class, the proposed change is a move toward establishing equity among employees of cities of the third class with regard to the authorization for cost of living increases. If this proposal is determined to be appropriate, the authorization should be extended to regular retirement systems for nonuniformed employees in cities of the third class as well.

- ♦ **Constitutional Conflict.** In its 1984 report to the General Assembly and Governor on postretirement adjustments, the Commission pointed out that conventional wisdom has interpreted section 26 of article III (Legislation) of the Constitution of Pennsylvania as prohibiting the payment of postretirement increases in public employee retirement system benefits to the survivors of retired public employees. To the extent that the bill would permit increases in the benefits paid to survivors of retirees, it may be unconstitutional.

COMMISSION RECOMMENDATION

On November 13, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 1366, Printer's Number 1584, was re-committed to the House Appropriations Committee on October 15, 1991.

Bill ID: House Bill 1697, Printer's Number 2021

System: County Pension Law

Subject: Reemployment of Retired Employees

SYNOPSIS

House Bill 1697, Printer's Number 2021, would amend the County Pension Law to grant an exemption from the statutorily required reduction in retirement allowances for county retirees reentering county service to those retirees: (1) who are reemployed for county service on a part-time basis and serve less than 480 hours a year; (2) who serve as jurors, masters, or arbitrators; and (3) who serve in positions where the county home rule charter prohibits that retiree from being a member of the county employees' retirement system. The bill also would amend the Law to provide that the retirement allowance of retirees reemployed for county service on a part-time basis who serve for more than 480 hours a year would be reduced by an amount equal to the compensation received up to, but not exceeding, the amount of the retirement allowance.

DISCUSSION

The County Pension Law applies to every county of the second class A through eighth class; that is, all counties except Allegheny and Philadelphia. In every county, the Law provides for the establishment of a retirement system that is a combination of a county-funded defined benefit plan and a member-funded defined contribution plan.

From its enactment on August 31, 1971, until January 1, 1991, section 24 of the County Pension Law provided that, if a retired county employee receiving a retirement allowance served as a juror, master, or arbitrator, or was employed on a per diem basis for 30 days a year or less, the retiree was not deemed reemployed. In the case of any other county retiree reemployed by the county, the retirement allowance ceased and the retiree was reinstated as an active member of and a contributor to the county employees' retirement system.

By Act 136 of 1990, effective January 1, 1991, section 24 was amended to provide that, if a retired county employee receiving a retirement allowance serves as a juror, master, or arbitrator, or is employed on a part-time basis, the retiree's retirement allowance is reduced by an amount equal to the amount of the compensation received but not exceeding the amount of the retirement allowance. Part-time is defined as employment with the expectation of completing less than 1,000 hours of service a year. In the case of any other county retiree reemployed by the county, the retirement allowance continues to cease and the retiree to be reinstated.

This amended provision has created a situation in which any part-time service by a retired county employee is performed on an essentially volunteer basis. It is possible that, in some cases, reemployed county retirees are replacing after tax income with before tax income. The provision has a negative impact on the willingness of county retirees to seek or accept part-time reemployment or to serve as jurors, masters, or arbitrators.

The bill would further amend section 24 retroactive to January 1, 1991, to provide that, if a retired county employee serves as a juror, master, or arbitrator, serves in a position where the county home rule charter prohibits that retiree being a member of the county employees' retirement system, or is reemployed in a part-time capacity and serves less than 480 hours a year, that retiree will not be deemed reemployed. In the case of a county retiree who returns to county service in a part-time capacity but serves more than 480 hours a year, the retirement allowance would be reduced by an amount equal to the amount of the compensation received but

DISCUSSION (Cont'd)

not exceeding the amount of the retirement allowance. In the case of any other county retiree reemployed by the county, the retirement allowance would continue to cease and the retiree would continue to be reinstated as an active member.

Although the actuarial cost method used by most county employee retirement systems does not permit a comparison between assets and actuarial accrued liabilities, it can be said that the systems generally are very well funded.

SUMMARY OF ACTUARIAL COST IMPACT

Because current contribution rates are based on the assumption that all annuitants will receive their full retirement benefits for their entire lives without any periods where payments might be suspended due to a return to service, there is no material direct actuarial cost attributable to the proposed liberalization of the conditions under which retirees may return to service without reduction or suspension of retirement allowances.

POLICY CONSIDERATIONS

In reviewing the bill, the Commission identified the following policy issues:

- ♦ Management Flexibility. The proposal in the bill would provide counties with greater managerial flexibility by enabling them to obtain and retain the services of experienced older county employees on a part-time basis.
- ♦ Continuing and Non Emergency Employment. The bill departs from traditional public employee retirement system policy by permitting a return to part-time work with the former employer on a continuing and non emergency basis.
- ♦ Language Clarifications.

The bill should be amended to clarify that the retirement allowance of a retiree reemployed on a part-time basis is reduced for service in excess of 480 hours a year.

The bill should be amended to clarify that, for a retiree reemployed on a part-time basis, the retirement allowance does not cease, and the retiree neither is reinstated as an active member of and contributor to the retirement system nor earns additional service credit in the retirement system for the part-time service.

COMMISSION RECOMMENDATION

On November 13, 1991, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified above.

LEGISLATIVE STATUS ON DECEMBER 31, 1991

House Bill 1697, Printer's Number 2021, was re-committed to the House Appropriations Committee on October 15, 1991.

**PUBLIC EMPLOYEE
RETIREMENT SYSTEM
ADMINISTRATION**

PART II

PUBLIC EMPLOYEE RETIREMENT SYSTEM ADMINISTRATION

A. ACT 205 of 1984

1989 Filing Period

In June of 1991, the Commission issued its *Status Report on Local Government Pension Plans* based on the data contained in the 1989 Act 205 local government pension plan reports. In addition to statistical information, the report disclosed that 107 of the 2,599 (4.1%) local government pension plans were reported to have funding deficiencies. The Commission enforced compliance with the actuarial funding standard in all instances. The *Status Report on Local Government Pension Plans* also disclosed significant municipal pension policy issues for consideration by the Governor and the General Assembly.

1991 Filing Period

In August of 1991, the Commission transmitted filing notices to the 4,500 local governments required to file employee pension plan reports pursuant to Act 205. Several follow-up notices were sent to local governments that failed to respond to the filing notice in the fall of 1991. The filing deadline for the 1991 Act 205 reports will be March 31, 1992.

Municipal Pension Cost Certification

In the summer of 1991, the Commission certified municipal pension cost data to the Department of the Auditor General for use in the 1991 allocation of General Municipal Pension System State Aid. In 1991, the state aid provided to municipalities to offset their employee pension costs totalled more than \$119 million. Over 90% of the individual municipal allocations were determined by the cost data certified by the Commission.

Recovery Program

The Commission calculated and certified distress determinations for the 51 municipalities participating in the Act 205 Recovery Program for Financially Distressed Municipal Pension Systems. The Commission calculated the 1991 allocations of Act 205 Supplemental State Assistance and certified the allocation amounts to the Department of the Auditor General to permit the disbursement of the \$16.4 million Supplemental State Assistance Allocation in December of 1991.

B. ACT 293 of 1972

1990 Filing Period

Since the passage of the Municipal Pension Plan Funding Standard and Recovery Act, the actuarial reporting program under Act 293 has only been applicable to county employee retirement systems. The 1990 actuarial

1990 Filing Period (Cont'd)

reports on these systems were filed in 1991. The financial, demographic, and actuarial data contained in the reports has been reviewed and will be summarized in the Status Report on Local Government Pension Plans to be published by the Commission in the spring of 1993.

Amendment

Commission-drafted legislation to amend Act 293 was introduced early in the 1991-92 Session of the General Assembly. The proposed amendment would change the reporting year for the biennial actuarial reports on county employee retirement systems to odd numbered years. If the amendment is enacted, county employee retirement system actuarial reports submitted under Act 293 and all other local government employee retirement system reports submitted under the Municipal Pension Plan Funding Standard and Recovery Act will be filed for the same year.

PUBLIC EMPLOYEE RETIREMENT SYSTEM

POLICY DEVELOPMENT

AND COORDINATION

PART III.

PUBLIC EMPLOYEE RETIREMENT SYSTEM POLICY DEVELOPMENT AND COORDINATION

A. STATUTORY PROVISIONS.

The Public Employee Retirement Commission Act provides, in pertinent part:

Section 6. Powers and duties.

(a) In general.-The commission shall have the following powers and duties:

- (1) To study generally the subject of retirement, income after retirement, disability and death benefits and the retirement needs of public employees. The commission shall have responsibility to formulate principles and objectives applicable thereto and to recommend any new legislation it deems advisable.*
- (2) To analyze on its own or upon request from either the legislative or executive branch any bill relating to public employee retirement or pension policy and issue a report thereto in a timely fashion. Such report shall be submitted to the General Assembly and the Governor and shall include an assessment of the actuarial soundness, feasibility and cost of such legislation.*
- (9) To monitor and evaluate from time to time all the laws and systems thereunder which relate to public employee pension and retirement policy in the Commonwealth.*
- (10) To study the relationship of retirement and pension policy to other aspects of public personnel policy and to the effective operation of government generally.*
- (11) To examine the interrelationships among public employee pension and retirement systems throughout the State.*

B. RESEARCH.

Status Report on Local Government Pension Plans

During the second half of 1990, research began on the Commission's third report on the status of the Commonwealth's local government retirement systems since the enactment of the Municipal Pension Plan Funding Standard and Recovery Act. The research was completed during the first half of 1991 and issued as a report in June 1991. The report was a summary and analysis of municipal actuarial valuation reports as of January 1, 1989, submitted to the Commission under the Act and of county actuarial valuation reports as of January 1, 1988, submitted to the Commission under Act 293 of 1972. The data in the report were extracted

from the individual pension plan reports containing actuarial, financial, and demographic information. The report noted that: the annual growth in unfunded actuarial accrued liabilities slowed from 10% between 1974 and 1985 to 3.7% between 1985 and 1989; in 107 instances a municipality failed to comply with the actuarial funding standard required by the Municipal Pension Plan Funding Standard and Recovery Act; and the 95% increase between 1984 and 1989 in the state shared revenue dedicated to the General Municipal Pension System State Aid Program changed the municipal pension plan environment and may have served as an inducement to municipalities to increase pension benefits as opposed to other forms of compensation.

Study of Method for Setting Employer Contribution Rate to Alternate Retirement Programs.

In response to the Commission's March 1987 study, the State Employees' Retirement Code was amended by the act of October 30, 1987 (P.L. 380, No. 1987-78), to set for all years after Fiscal Year 1986-87 the employer contribution rate at 8.95% for employees who have elected membership in an independent retirement program approved by the employer. Section 2 of the act directs the Commission to study this rate in 1991 and to recommend to the Governor and the General Assembly a rate for the following five years designed to produce parity of contributions between the alternate retirement program and the State Employees' Retirement System program. The Commission began work on this study in late 1990 and completed work and issued its report in October 1991. The Commission recommended that: the current practice of establishing a set rate and continuing it without modification for a period of years be continued; the period of years for which the set rate recommended in this report would be effective without modification or review be not less than three years and not more than five years; the contribution rate continue to be reviewed by the Commission at the close of each established period of years to determine whether any modifications are warranted; and the contribution rate be set at 9.29% of payroll for Fiscal Year 1992-93 and for the following two to four fiscal years.

Structure of Local Government Retirement Systems.

The Commonwealth has an extraordinarily large number of local government employee retirement systems, and the growth in the number of these systems is likely to continue at a significant rate. The basic issue that the Commonwealth's public policymakers must face is whether the current structure of local government employee retirement systems should be maintained. If this structure is to be maintained, a comprehensive review and revision of all local government employee retirement systems statutes must be begun. If this structure is not to be maintained, a replacement structure must be designed and implemented. To facilitate the Commonwealth's resolution of this issue, the Commission continued its study of the current structure of local government retirement systems during 1991.

C. STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEM REVIEWS.

Under the Public Employee Retirement Commission Act, the Commission conducts periodic reviews of the actuarial and financial reports of the various public employee retirement systems. The Commission conducted a review of the State Employees' Retirement System (SERS) in October 1991, the Public School Employees' Retirement System (PSERS) in November 1991, and the Pennsylvania Municipal Retirement System (PMRS) in December 1991.

COMMISSION REVIEW OF SERS ACTUARIAL VALUATION REPORT.

At the October 9, 1991, meeting of the Commission, the staff presented a summary of the December 31, 1990, actuarial valuation report of the State Employees' Retirement System and the Thirteenth Investigation of Actuarial Experience of The State Employees' Retirement System of the Commonwealth of Pennsylvania. The following are some significant facts contained in these reports.

December 31, 1990, Actuarial Valuation Report

CHANGES IN CONTRIBUTION RATE

The changes in the three pieces composing the employer contribution rate are shown in the following table:

	<u>1990</u>	<u>1989</u>
Normal Cost Rate	7.90%	4.66%
Unfunded Actuarial Accrued Liability Rate	1.05%	5.62%
Supplemental Annuity Amortization Rate	<u>0.92%</u>	<u>2.04%</u>
	9.87%	12.32%

REASONS FOR CHANGE IN CONTRIBUTION RATE

	<u>Normal Cost</u>	<u>Accrued Liability</u>	<u>Supplemental Annuity</u>	<u>Total</u>
1) Excess Investment Earnings		(1.28%)		(1.28%)
2) Change in Actuarial Assumptions	(0.16%)	(0.45)	0.01%	(0.60)
3) New Benefits for State Police		0.89		0.89
4) Salary Increase Over Assumed Rates	0.36	0.98	(0.16)	1.18
5) Change to Realistic Actuarial Assumptions	3.43	(3.27)	(0.16)	0.00
6) Change to New Funding Method	<u>(0.39)</u>	<u>(1.44)</u>	<u>(0.81)</u>	<u>(2.64)</u>
Total	3.24%	(4.57%)	(1.12%)	(2.45%)

OTHER FUNDING FACTS

- ◆ Act 1991-23 changed the funding criteria of SERS by permitting calculation of the employer cost on a realistic set of economic assumptions and amortizing existing liabilities over a new twenty-year period.
- ◆ The liabilities and costs in the valuation were based on revised actuarial assumptions adopted by the SERS in 1991 and funding procedures specified in Act 23. The assumptions used in the 1990 valuation were based on the study of experience of SERS from 1986 through 1990.
- ◆ Excess investment earnings were higher than excess salary increases resulting in a small reduction in the rate.
- ◆ Extending the amortization funding periods to twenty-years reduced the contribution rate 2.64%.
- ◆ The change to realistic economic assumptions helped to produce a significantly lower unfunded actuarial accrued liability through the use of a higher interest assumption in the calculation of the present value of benefits.
- ◆ Dollar Changes and Reason for Liability Change

Excess Investment Earnings	(\$ 351,720,734)
Change in Actuarial Assumptions	(135,727,621)
New Benefit for State Police	210,454,862
Salary Increase over Assumed Rates	361,442,423
Change to Realistic Actuarial Assumptions	<u>(1,122,066,874)</u>
 Total Change	 (\$1,037,617,944)

1986-90 Actuarial Experience Report

ECONOMIC ASSUMPTIONS

Economic Trends

General Salary Growth	Investment Return	Real Salary Growth	Real Investment Return
4.7%	10.1%	0.9%	6.1%

ECONOMIC ASSUMPTIONS (Cont'd)

Employees Leaving Active Employment

	Actual 1986-90	Expected in Valuation 1986-90	Ratio - Actual to Expected	
			Valuation Rates 1985-89	Recommended Rates 1990-94
Males	17,736	16,803	105.6%	106.6%
Females	20,113	14,406	130.6%	101.9%

ANNUITANT MORTALITY

Deaths Among Annuitants and Beneficiaries

1986 - 1990

	<u>Males</u>	<u>Females</u>	<u>Total</u>
<i>Nondisabled Annuitants</i>			
Actual Deaths	7,451	4,509	11,960
Expected Deaths	6,592	3,991	10,583
Ratio	113.0%	113.0%	113.0%
<i>Disabled Annuitants</i>			
Actual Deaths	552	288	840
Expected Deaths	633	402	1,035
Ratio	87.2%	71.6%	81.2%

The number of deaths among nondisabled annuitants was 13% greater than expected, and the number of deaths among disabled annuitants was 19% less than expected. In the context of a pension plan, adverse mortality experience occurs if retirees live longer and, therefore, draw more benefits.

The SERS actuary recommends the continuation of the same mortality table for nondisabled annuitants and a replacement mortality table for the disabled annuitants.

The Commission reviewed the reports with Mr. John R. Brosius, SERS Executive Director, Mr. Dale H. Everhart, SERS Assistant Executive Director, and Mr. Edwin C. Husted, SERS consulting actuary.

**SUMMARY OF ACTUARIAL VALUATION
STATE EMPLOYEES' RETIREMENT SYSTEM**

as of
December 31, 1990

The following is a summary of the December 31, 1990 actuarial valuation of the State Employees' Retirement System and a comparison of the 1990 results with those of 1989.

	<u>12/31/89</u>		<u>12/31/90</u>	
<u>Membership</u>				
Active	109,819		111,248	
Inactive Vested	3,336		3,619	
Retired	62,884		63,999	
Disabled	4,067		4,157	
Survivors and Beneficiaries	5,879		6,066	
 <u>Payroll and Annuities Payable</u>				
Total Annual Payroll	\$2,998,073,232		\$3,196,785,204	
Annual Annuities and Benefits	\$ 435,544,979		\$ 462,153,584	
 <u>Valuation Data</u>				
Accrued Liability	\$10,672,929,181		\$10,356,520,660	
Assets ¹	<u>8,526,209,374</u>		<u>9,333,669,460</u>	
Unfunded Accrued Liability ²	\$ 2,146,719,807		\$ 1,022,851,200	
 Funding Ratio				
	79.88%		90.12%	
 <u>Funding Costs</u>				
Normal Cost ³	\$327,089,790	10.91%	\$452,345,106	14.15%
Amortization ⁴	<u>229,652,410</u>	<u>7.66%</u>	<u>62,976,669</u>	<u>1.97%</u>
Full Actuarial Funding	\$556,742,200	18.57%	\$515,321,775	16.12%
 <u>Support</u>				
Member ³	\$187,379,577	6.25%	\$199,799,075	6.25%
Commonwealth	<u>369,362,622</u>	<u>12.32%</u>	<u>315,522,700</u>	<u>9.87%</u>
Total Support	\$556,742,199	18.57%	\$515,321,725	16.12%
 <u>Adequacy of Support</u>				
Full Amortization Financing	\$556,742,199	18.57%	\$515,321,725	16.12%
Total Support	<u>556,747,199</u>	<u>18.57%</u>	<u>515,321,725</u>	<u>16.12%</u>
Deficiency (Surplus)	\$ 0	0.00%	\$ 0	0.00%

12/31/89

12/31/90

Investment Yield

Net Investment Income as Percent of Mean Assets ⁵

6.88%

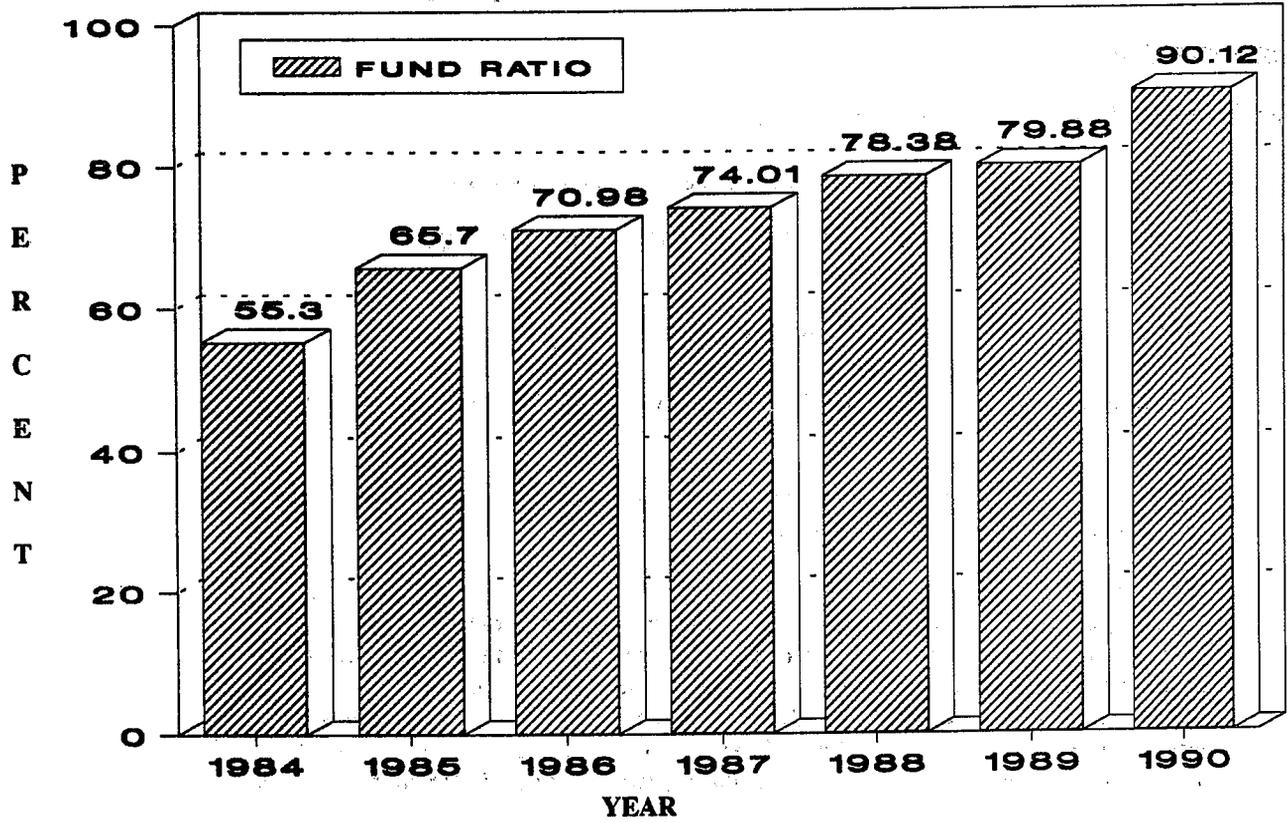
6.10%

.....
EXPLANATORY FOOTNOTES

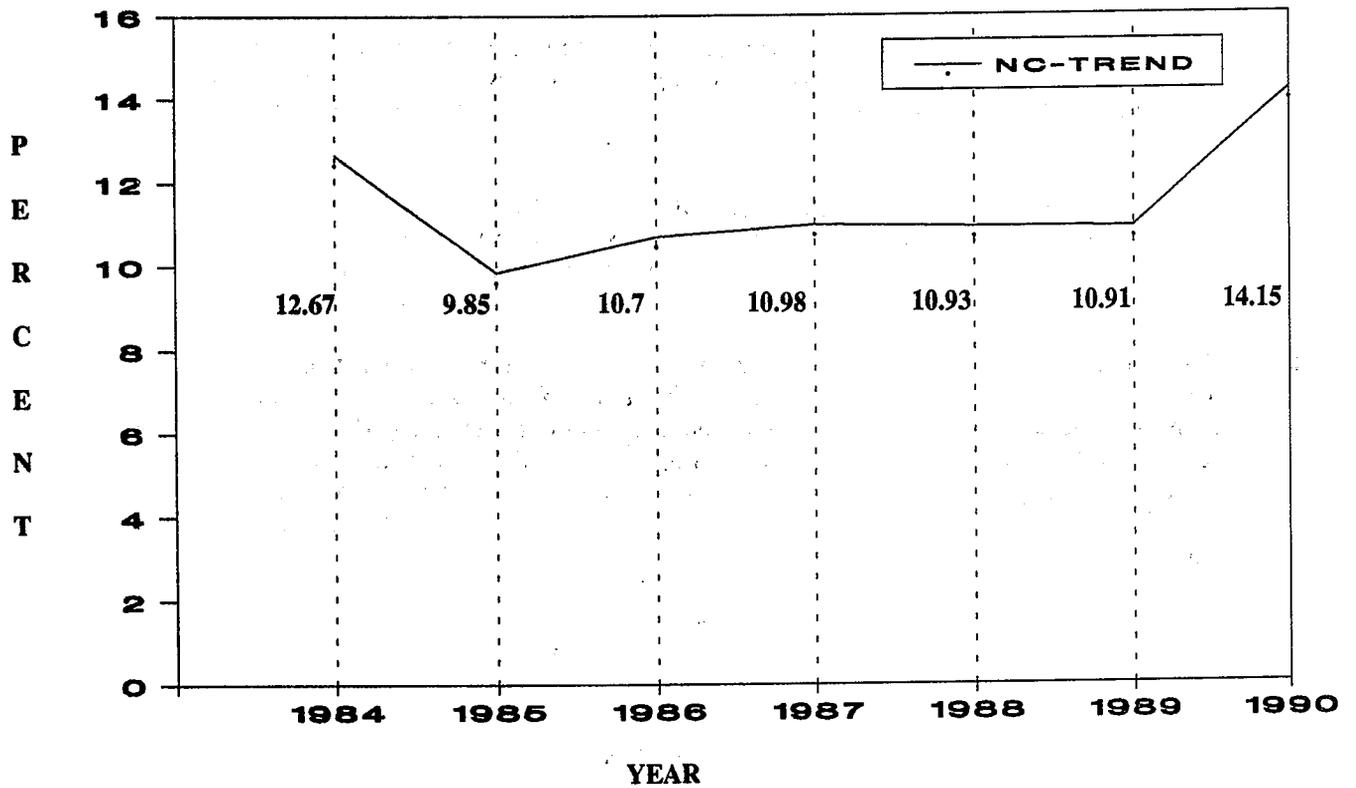
1. The figure is the actuarial value not the market value.
2. The unfunded accrued liability figure includes \$405,641,841 for the amortization of supplemental annuities.

The unfunded accrued actuarial liability figure does not include \$155,740,827 in adjustments to the actuarial value of assets for transactions before 7/1/91.
3. The State Employees' Retirement Code requires that the employer normal contribution rate be based on the level percentage of payroll normal cost determined under the entry age normal actuarial cost method for the average new active member less the portion of the cost to be funded by member contributions. The normal cost and member support data therefore assume a member contribution rate of 6.25% of payroll which is the rate applicable to members entering State service on or after July 22, 1983. Actual member contributions to the State Employees' Retirement System are based on member contribution rates of 5% for members entering service prior to July 22, 1983 and 6.25% for members entering service on or after July 22, 1983.
4. Act 23 of 1991 established 20-year funding periods for all gains and losses in the fund.
 - ♦ Existing Liabilities. The unfunded liability of fund created by the past supplemental annuities and the existing unfunded actuarial accrued liability will be refinanced for 20 years, commencing July 1, 1991. All unfunded liabilities created by Act 23 of 1991 will be funded over 20 years, commencing on July 1, 1992.
 - ♦ Future Actuarial Gains or Losses. All future unfunded liabilities will also be funded over new 20-year periods to be established annually as they occur. In addition, Act 23 of 1991 requires that gains and losses, including unrecognized investment gains and losses, be amortized over a 20-year period.
5. The investment yield rate represents the net dividend and interest earnings of the system taken as a percentage of the average actuarial value of the assets of the system for the year. The investment yield figure should not be confused with the total rate of return earned by the system, which recognizes all realized and unrealized investment gains and losses based on the market value of the total investment portfolio of the system. The figures for net dividend and interest earnings of the system were obtained from the State Employees' Retirement System, based on the December 31, 1989 and 1990 audited financial statements.

SERS FUNDING RATIO TREND



SERS NORMAL COST TREND



COMMISSION REVIEW OF PSERS ACTUARIAL VALUATION REPORT

At the November 11, 1991, meeting of the Commission, the staff presented a summary of the June 30, 1990, actuarial valuation report of the Public School Employees' Retirement System. The following are some significant facts contained in that report.

CHANGES IN CONTRIBUTION RATE

	<u>1990</u>	<u>1989</u>
Normal Cost	8.00%	8.28%
Unfunded Actuarial Accrued Liability	6.40	10.90
Total	14.40%	19.18%

FUNDING FACTS

- ♦ Effective with the June 30, 1990, actuarial valuation, the economic assumptions of the PSERS were revised to implement the use of an interest rate of 8½% per annum and projected annual salary increases of 7½%.
- ♦ Due to the revisions in the economic assumptions, the unfunded actuarial accrued liability of PSERS was reduced by \$2,238,726,000 as of June 30, 1991.
- ♦ A health insurance premium assistance program was established effective July 1, 1991, for all eligible annuitants who elect to participate. Under this provision, an employer contribution rate for premium assistance is to be established for the fiscal year beginning July 1, 1991. Effective July 1, 1992, participating eligible annuitants are to receive premium assistance payments equal to the lesser of \$55 per month or the actual monthly premium.
- ♦ Since the prior valuation, the employer contribution rate for pensions has decreased 4.78% to 14.40% of payroll.
- ♦ The funding ratio has increased 9.98% since the prior valuation.
- ♦ The unfunded actuarial accrued liability is approximately \$4,918,700,000.

SUMMARY OF CHANGE IN UNFUNDED ACCRUED LIABILITY

There was a \$\$1,941,400,000 decrease from the expected unfunded actuarial accrued liability. The following is an explanation of the net decrease:

SUMMARY OF CHANGE IN UNFUNDED ACCRUED LIABILITY (Cont'd)

<u>Experience</u>	<u>Millions</u>
Interest Surplus	(\$ 634.91)
Salary Increase Above Expected	715.2
Retirement and Other Separations	103.6
Pensioners' Mortality Experience	(22.6)
Other 297.3	
Net Experience Loss (Gain)	<u>\$ 297.3</u>
<u>Revised Actuarial Assumption</u>	<u>(\$2,238.7)</u>
Total Net Decrease	(\$1,941.4)

The Commission reviewed this report with Mr. James A. Perry, PSERS Executive Director, Mr. Arthur J. Granito, PSERS Assistant Executive Director, and Mr. John Thompson, PSERS consulting actuary.

**SUMMARY OF ACTUARIAL VALUATION
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

as of
June 30, 1990

The following is a summary of the June 30, 1990 actuarial valuation of the Public School Employees' Retirement System and a comparison of the 1990 results with those of 1989.

	<u>6/30/89</u>		<u>6/30/90</u>	
<u>Membership</u>				
Active Members	200,430		200,660	
Inactive and Vested Members	30,800		32,018	
Retired Members	87,504		91,787	
Disabled Members	3,798		3,894	
Survivors and Beneficiaries	4,156		4,439	
<u>Payroll and Annuities Payable</u>				
Total Annual Payroll	\$ 5,055,793,117		\$ 5,363,534,588	
Annual Annuities and Benefits	\$ 710,166,608		\$ 771,728,559	
<u>Valuation Data</u>				
Accrued Liability	\$21,216,800,000		\$20,914,300,000	
Assets ¹	14,109,085,000		15,995,600,000	
Unfunded Accrued Liability ²	\$ 7,107,733,000		\$ 4,918,700,000	
Fund Ratio	66.50%		76.48%	
<u>Funding Costs</u>				
Normal Cost	\$ 706,294,298	13.97%	\$ 721,931,755	13.46%
Amortization ³	<u>390,925,315</u>	<u>7.73%</u>	<u>343,266,214</u>	<u>6.40%</u>
Full Actuarial Funding	\$1,097,219,613	21.70%	\$1,065,197,969	19.86%
<u>Support</u>				
Member	\$ 287,674,628	5.69%	\$292,848,989	5.46%
School District	484,850,560	9.59%	386,174,490	7.20%
Commonwealth	<u>484,850,560</u>	<u>9.59%</u>	<u>386,174,490</u>	<u>7.20%</u>
Total Support	\$1,257,375,748	24.87%	\$1,065,197,969	19.86%
<u>Adequacy of Support</u>				
Full Amortization Financing	\$1,257,375,748	24.87%	\$1,065,197,969	19.86%
Total Support	<u>1,257,375,748</u>	<u>24.87%</u>	<u>\$1,065,197,969</u>	<u>19.86%</u>
Deficiency (Surplus)	\$ 0	0.00%	\$ 0	0.00%

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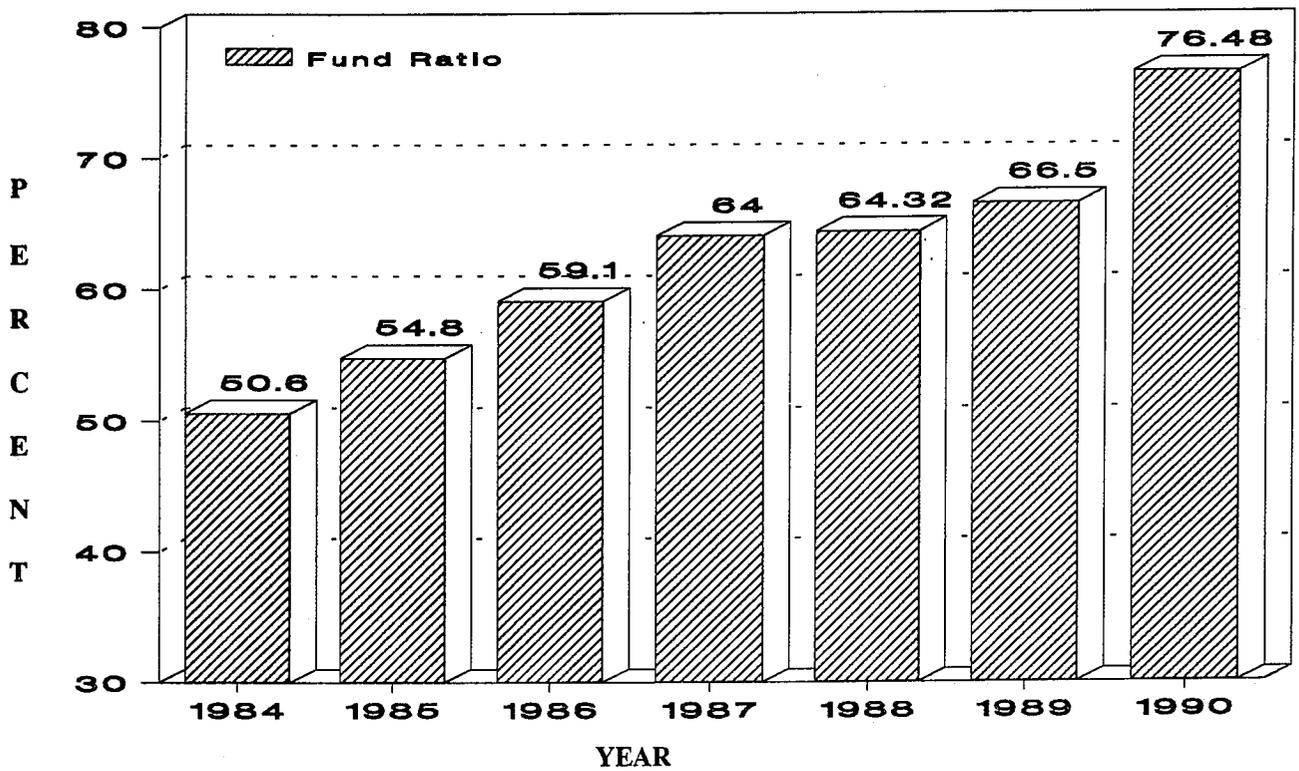
EXPLANATORY FOOTNOTES

1. The assets of the system for actuarial valuation purposes are valued at their book value.
2. The figure for unfunded accrued liability decreased by \$2,189,033,000 between 6/30/89 and 6/30/90.
3. Act 23 of 1991 established 20-year funding periods for all gains and losses in the fund.

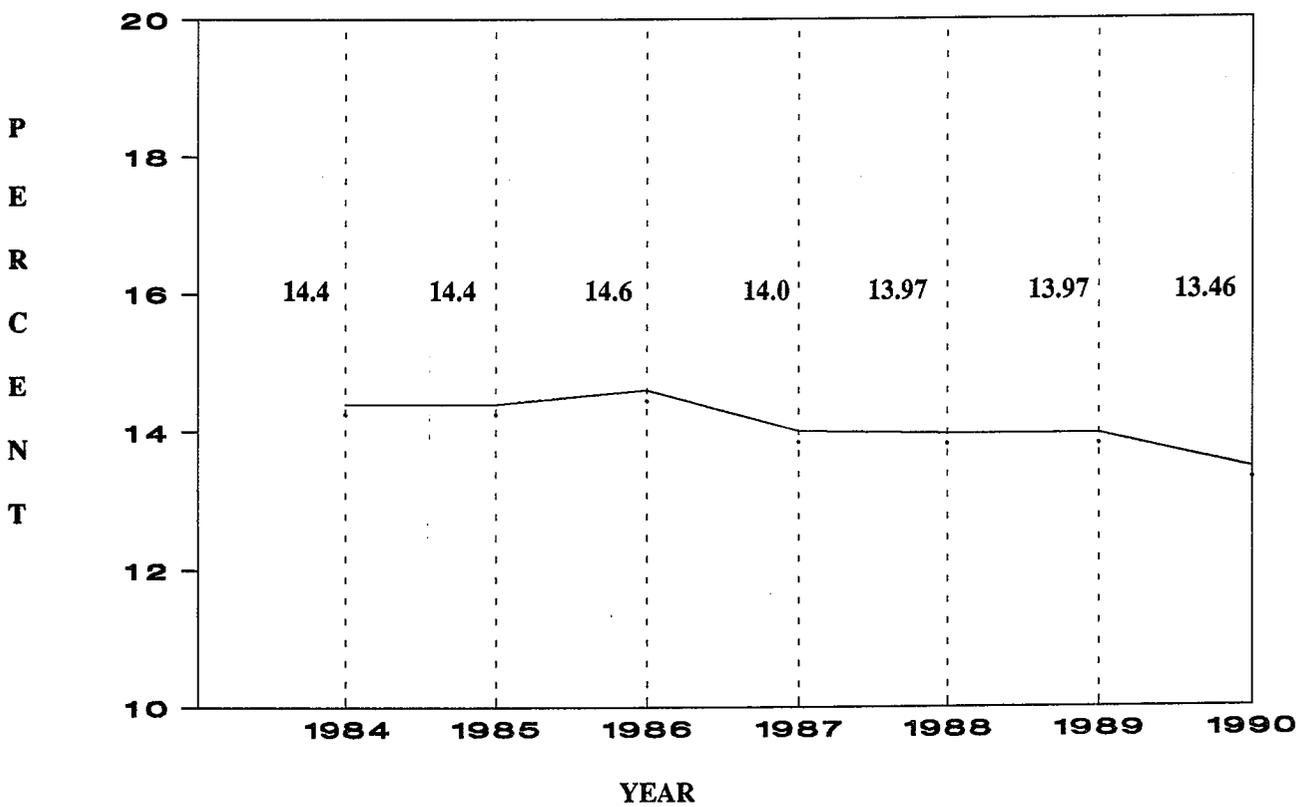
Existing Liabilities. The unfunded liability of fund created by the past supplemental annuities and the existing unfunded actuarial accrued liability will be refinanced for 20 years, commencing July 1, 1991. All unfunded liabilities created by Act 23 of 1991 will be funded over 20 years, commencing on July 1, 1992.

Future Actuarial Gains or Losses. All future unfunded liabilities will also be funded over new 20 year periods to be established annually as they occur. In addition, Act 23 of 1991 requires that gains and losses, including unrecognized investment gains and losses, be amortized over a 20-year period.

PSERS FUNDING RATIO TREND



PSERS NORMAL COST TREND



COMMISSION REVIEW OF PMRS ACTUARIAL VALUATION REPORT.

At the December 11, 1991, meeting of the Commission, the staff presented summaries of the January 1, 1990 and 1991, actuarial valuation reports of the Pennsylvania Municipal Retirement System.

The Pennsylvania Municipal Retirement System (PMRS) was established to provide pension administrative services to any municipality or authority within the Commonwealth that elected to join the system. While PMRS is referred to as a "retirement system," each member municipality has considerable flexibility in constructing the benefit plan it prefers. Each participating municipal plan is maintained as a separate entity and is self-insured except in the areas of investment return experience, one year term disability cost, administrative expenses, and common risk of mortality loss or gain on retired life reserves.

The PMRS actuarial valuation broadly covers the condition of the system. It serves primarily to summarize information. Because each actuarial item is calculated separately for each municipality and affects only the contribution rate for that municipality, the actuary for the system decided not to include in the valuation, data on the accrued liability and the funding costs of the system.

The actuarial valuation reports summarize the following information:

- ✦ the demographic data of all PMRS active members and benefit recipients;
- ✦ the actuarial assumptions and methods used;
- ✦ the actuarial value of the PMRS assets and the changes in the assets since the prior valuation;
- ✦ the investment status of the assets; and
- ✦ the excess interest to be allocated to municipalities.

The Commission reviewed these reports with Mr. James B. Allen, PMRS Secretary, Mr. Edward Bechtel, PMRS Assistant Secretary, and Mr. Eli Greenblum, PMRS consulting actuary.

The following is a summary of the January 1, 1990 and 1991, actuarial valuations of the PMRS and a comparison of the 1990 results with those of 1989.

**SUMMARY OF ACTUARIAL VALUATION
PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM**

	<u>1/1/90</u>	<u>1/1/91</u>
<u>Membership</u>		
Active Members	6,850	7,165
Number of Municipalities		
Defined Benefit	458	470
Deferred Contribution	29	32
Deferred Vested Members	95	102
Retired Members	1,627	1,698
Survivors & Beneficiaries	237	248
 <u>Payroll and Annuities</u>		
Total Annual Payroll	\$151,400,000	\$165,700,000
Annual Annuities and Benefits	\$ 9,024,900	\$ 9,624,800
 <u>Funding Costs</u>		
	N/R	N/R
 <u>Valuation Data</u>		
Accrued Liability	N/R	N/R
Assets	\$264,400,000	\$285,800,000
 <u>Support</u>		
Member	\$ 5,983,693	\$6,512,000
Municipal	\$17,457,290	\$13,609,000
 <u>Actuarial Investment Rate of Return</u>		
	15.21% ¹	5.93% ¹
 <u>Market Rate of Return</u>		
	19.01	1.92

N/R Indicates that the data item was not included in the actuarial valuation report.

¹ The actuarial investment rate of return represents the net dividend and interest earnings of the system taken as a percentage of the average actuarial value of the assets of the system for the year.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities related to the business.

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18. The seventh part of the document discusses the importance of maintaining accurate records of all transactions and activities related to the business.

APPENDICES

APPENDIX A

ADVISORY COMMITTEES AND CONSULTING ACTUARIES

Advisory Committees

Under Section 8 of the Public Employee Retirement Commission Act, the Commission appoints a Municipal Pension Advisory Committee and a Municipal Employee Pension Advisory Committee. Both advisory committees are appointed annually from nominations submitted by organizations of municipalities and municipal employees and meet with the Commission at least once each year to discuss the activities of the Commission and to present information or recommendations. The members of the advisory committees for calendar year 1991 and their sponsoring organizations were as follows:

MUNICIPAL PENSION ADVISORY COMMITTEE

Mr. Lee J. Janiczek - Chairman
PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP COMMISSIONERS

Mr. John E. Gardner - Vice-Chairman/Secretary
PENNSYLVANIA STATE ASSOCIATION OF BOROUGHES

Mr. John A. Garner, Jr.
PENNSYLVANIA LEAGUE OF CITIES

Mr. B. Kenneth Greider
PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS

Mr. Douglas E. Hill
PENNSYLVANIA STATE ASSOCIATION OF COUNTY COMMISSIONERS

Mr. William J. Woll
PENNSYLVANIA MUNICIPAL AUTHORITIES ASSOCIATION

MUNICIPAL EMPLOYEE PENSION ADVISORY COMMITTEE

Mr. Barry J. Buskey - Chairman
PENNSYLVANIA STATE FIREFIGHTERS ASSOCIATION

Mr. Richard Toth - Vice-Chairman
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

Ms. Annette Palutis - Secretary
PENNSYLVANIA STATE EDUCATION ASSOCIATION

Mr. W. Ronald Smeal
PENNSYLVANIA CHIEFS OF POLICE ASSOCIATION

Mr. Leo V. Marchetti
PENNSYLVANIA FRATERNAL ORDER OF POLICE

Consulting Actuaries

The actuarial services committee developed and adopted guidelines for providing actuarial services to the Commission on June 2, 1982. The guidelines establish the educational and experience standards for the selection of consulting actuaries. The engagement of multiple actuarial consultants was considered appropriate to provide the Commission with an enhanced scope of actuarial experience and a greater response capacity, and to avoid potential conflicts of interest. The actuarial consultants engaged by the Commission during 1991 were:

Towers, Perrin, Forster & Crosby

Mr. Gerard Mingione

Conrad M. Siegel, Inc.

Mr. Conrad M. Siegel

Milliman & Robertson, Inc.

Mr. William A. Reimert

APPENDIX B
LEGISLATIVE PROCEDURES
UNDER SECTION 7 OF THE
PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION ACT

I. Implementation by the General Assembly.

- A. At the beginning of each legislative session of the General Assembly, the Speaker of the House and the President Pro Tempore of the Senate formally advise the chairmen of each standing committee in their respective chamber of the actuarial review provisions implemented by Act No. 1981-66.
- B. Both chambers of the General Assembly adopt procedures most consistent with their operating rules to ensure that committee approved bills or floor amended bills are not considered prior to receipt of an actuarial note from the Commission or the passage of 25 legislative days from the date of first consideration or adoption of the floor amendment.

1. Actuarial Note Requests for Committee Approved Bills.-

The Committee chairman in either chamber of the General Assembly shall notify the Commission upon reporting a bill to the floor which proposes any change relative to a public employee pension system and request preparation of an actuarial note.

2. Actuarial Note Requests for Floor Amended Bills.-

The majority leader of either chamber of the General Assembly shall request preparation of an actuarial note for the floor amended bill on behalf of the respective chamber. The Commission shall provide the actuarial note as expeditiously as possible.

3. Actuarial Note Requests for Bills Referred by Other Chamber.-

When a committee in either chamber of the General Assembly approves without amendment a bill to the floor which has had an actuarial note attached in the other chamber, preparation of a new actuarial note is unnecessary. Where an amendment to the bill has been approved by the committee, the chairman shall notify the Commission and request preparation of a new actuarial note. The Commission shall provide the actuarial note as expeditiously as possible.

4. Actuarial Note Requests from the House or Senate Appropriations Committees.-

Whenever a request is received by the Commission from the chairman of either the House Appropriations Committee or the Senate Appropriations Committee for an actuarial note on a bill in the possession of the committee, the Commission shall formally authorize preparation of the actuarial note, as opposed to an advisory note, and transmit the actuarial note to the requesting committee as expeditiously as possible.

II. Response by the Commission.

- A. The Commission acknowledges receipt of requests for the preparation of actuarial notes for committee approved bills and floor amended bills to the presiding officer of the requesting chamber of the General Assembly within 48 hours.
- B. The Commission transmits the requested actuarial notes to the presiding officer of each chamber of the General Assembly as promptly as possible, recognizing that the 25 legislative days permitted for the preparation of actuarial notes is a maximum rather than a norm. Where there are no substantive actuarial or policy implications, the Commission will communicate that fact as the requested actuarial note.
- C. The Commission provides copies of the transmittals of the requested actuarial notes to the following:
 - 1. the chairman and minority chairman of the requesting committee;
 - 2. the majority and minority leaders;
 - 3. the majority and minority whips;
 - 4. the majority and minority caucus chairmen;
 - 5. the majority and minority appropriation committee chairmen;
 - 6. the prime sponsor of the bill;
 - 7. the Secretary of the Senate;
 - 8. the Chief Clerk of the House; and
 - 9. the Director of the Legislative Reference Bureau.
- D. Upon the request of the committee chairman, the Commission staff may whenever possible provide supplemental reviews for bills prior to consideration by a committee. The information is transmitted to the committee chairman and minority chairman. Such assistance may contain actuarial data, but is considered to be an "advisory note" not constituting or substituting for the required actuarial note.
- E. The Commission staff provides advice and counsel to members of the General Assembly on relevant matters pertaining to retirement plan design, financing, and administration.
- F. The Commission provides actuarial notes or advisory notes only to appropriate officials of the legislative and executive branches.
- G. The Commission transmits notice of its meetings to the Secretary of the Senate and Chief Clerk of the House for publication on the Senate and House daily meeting calendars.

Adopted April 10, 1985.

APPENDIX C
BY-LAWS OF THE
PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION ACT

Title 4. Administration

Part XII. Public Employee Retirement Study Commission

Section 401.1. Definitions.

The following words and terms, when used in this part shall have the following meanings, unless the context clearly indicates otherwise:

Act - the act of July 9, 1981 (P.L. 208, No. 66), known as the "Public Employee Retirement Study Commission Act."

Advisory Committee - a municipal pension advisory committee established under the provisions of Section 8 of the Act.

Commission - the Public Employee Retirement Study Commission created under the Act.

Member - a member of the Commission.

Chapter 402. By-Laws

Section 402.1. Meetings

Meetings of the Commission shall be held as necessary at the call of the Chairman, but in no case less than six times per year. Meeting shall be held on the dates and at the times and locations specified by the Chairman in the notice of the meeting. Notices of meetings shall contain an itemized agenda in reasonable detail. Notice of meetings shall be given to all members in writing at least seven days prior thereto; provided that such notice may be given at least twenty-four hours prior to such meeting where deemed necessary by the Chairman under the circumstances. The Chairman shall call a meeting upon the request in writing of five or more members.

Section 402.2. Quorum and Voting.

Five members shall constitute a quorum for meetings. The majority vote of the members present at a meeting or otherwise entitled to vote pursuant to these By-Laws shall constitute official action of the Commission. In the event that one or more vacancy or long term disability exists four members shall constitute a quorum. A Commission member who is a member of the Senate or House of Representatives of the Commonwealth of Pennsylvania may, from time to time, appoint a designee in writing. A designee may cast a vote for a member on any matter pending before the Commission relating to an agenda item; provided that the member has set forth in writing with reasonable particularity the position of the member on the agenda item and the vote of the designee is not inconsistent therewith. Otherwise, a member may only vote in person. The Commission may take official action on any matter properly before a meeting whether or not mentioned in the notice of the meeting.

Section 402.3. Open Meetings.

Meetings of the Commission shall be held and notice thereof shall be given in accordance to Act No. 1986-84 relating to public meetings, as applicable.

Section 402.4. Minutes.

Minutes shall be kept of all meetings of the Commission and shall be filed in the office of the Commission, subject to the act of June 21, 1957 (P.L. 390) §§ 1-4, as amended, (65 P. S. §§ 66.1-66.4) relating to the inspection and copying of public records, as applicable.

Section 402.5. Officers.

The Commission shall annually elect a Chairman, a Vice-Chairman and such other officers as it finds necessary or desirable at the first meeting of the Commission occurring in each calendar year. All such officers shall be members and shall serve until the election of a successor. Election shall also occur in the event of a vacancy in any office. The Chairman shall preside over all meetings of the Commission at which he is present, or in his absence the Vice-Chairman, or in both of their absence a member chosen by the Commission. In the event that the Chairman is unable to act hereunder for any reason, the Vice-Chairman may do so.

Section 402.6. Office.

The Commission may establish an office for the use of the Commission in the conduct of its official business.

Section 402.7. Committees.

The Commission may, from time to time, establish such committees as it deems necessary or desirable in the conduct of its official business. Appointments to committees shall be made by the Chairman. The term of each committee shall be coterminous with that of the Chairman. For the purposes of this section, any liaison shall be deemed to be a committee.

Section 402.8. Advisory Committees.

The Commission shall appoint each advisory committee pursuant to the applicable law no later than the third meeting of the Commission occurring in each calendar year. The term of each advisory committee shall be for one calendar year or until the appointment of a successor, whichever occurs later.

Section 402.9. Budget.

The executive director of the Commission shall annually submit a proposed budget to the Commission for approval prior to the submission date under budget guidelines applicable to Commonwealth agencies.

Section 402.10. Miscellaneous.

The Commission may, from time to time, do such other things and take such other actions as it deems necessary or desirable in the conduct of its official business.

Section 402.11. Amendment.

The Commission may, from time to time, amend these By-Laws by majority vote of the members present at a meeting or otherwise entitled to vote pursuant to these By-Laws; provided that notice of the meeting shall have set forth at least the general nature of the amendment.

Revised November 17, 1987

APPENDIX D
LISTING OF LEGISLATION REGARDING
PUBLIC EMPLOYEE RETIREMENT ISSUES

As of December 31, 1991

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
Sunset Review Resolution No. 1	Continuing the existence of the Public Employee Retirement Study Commission scheduled for termination under the Sunset Act	In the General Assembly	10/22/91
Sunset Review Resolution No. 2	Continuing existence of the Municipal Pension Advisory Committee scheduled for termination under the Sunset Act	In the General Assembly	10/22/91
S. B. 29 P. N. 29 (Holl)	Volunteer Firemen's Relief Association Act, permitting financial assistance to volunteer fire-fighters who have actively participated in the fire service for 20 years and who have attained the age of 65	Referred to Senate Finance Committee	01/22/91
S. B. 34 P. N. 34 (Holl)	SERS, permitting members who are qualified veterans with 20 years of State service and who are age 50 or older, upon termination of of service to convert their medical, major medical, and hospitalization insurance coverage to the plan for State annuitants	Referred to Senate Finance Committee	01/22/91
S. B. 66 P. N. 66 (Bell)	PMRS, prohibiting investments in securities of corporations that are incorporated in a state that prohibits investment of its state or public employee retirement system funds in corporations incorporated in Pennsylvania	Referred to Senate Finance Committee	01/23/91
S. B. 67 P. N. 67 (Bell)	PSERS, establishing a Health Insurance Account and providing for contributions into it by members and employers, payments out of it for health insurance premium assistance, and withdrawals	Referred to Senate Finance Committee	01/23/91
S. B. 68 P. N. 68 (Bell)	Act regulating deposits of State funds, prohibiting investments in securities of corporations incorporated in a state that prohibits investment of its state or public employee retirement system funds in corporations incorporated in Pennsylvania	Referred to Senate Finance Committee	01/23/91
S. B. 69 P. N. 69 (Bell)	PSERS and SERS, prohibiting investments in securities of corporations incorporated in a state that prohibits investment of its state or public employee retirement system funds in corporations incorporated in Pennsylvania	Referred to Senate Finance Committee	01/23/91
S. B. 76 P. N. 76 (Holl)	SERS, permitting board, subject to approval of a majority of the Senate, to appoint six managers to assist it in carrying out its responsibilities and providing for semi-annual activity reports by the board to the General Assembly	Referred to Senate Finance Committee	01/23/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 114 P. N. 114 (Holl)	SERS, expanding the definition of "correction officer" to include more employees of the Department of Corrections and certain employees of the Department of Public Welfare	Referred to Senate Finance Committee	01/28/91
S. B. 124 P. N. 124 (Brightbill)	PSERS, establishing a Health Insurance Account and providing for contributions into it by members and employers, payments out of it for health insurance premium assistance, and withdrawals	Referred to Senate Finance Committee Advisory Note (P. N. 124)	01/28/91 07/18/91
S. B. 140 P. N. 140 (Rhoades)	PSERS, establishing a Health Insurance Account and providing for contributions into it from excess investment earnings and payments out of it for health insurance premium assistance	Referred to Senate Finance Committee	01/28/91
S. R. 7 P. N. 164 (Holl)	Resolution creating a Senate Task Force to investigate and recommend ways to attract and retain volunteer fire, ambulance, and rescue personnel	Referred to Senate State Government Committee Reported as committed Adopted	01/28/91 03/18/91 03/19/91
S. B. 171 P. N. 180 (Holl)	PSERS, revising the calculation of the minimum disability annuity by indexing the last year's salary according to any cost-of-living adjustment	Referred to Senate Finance Committee	01/29/91
S. B. 195 P. N. 204 (Rhoades)	PSERS and SERS, increasing permitted capital investments from 1% to 2% of book value of the total assets of the pension trust fund	Referred to Senate Finance Committee	01/29/91
S. B. 268 P. N. 277 (Lewis)	Southeastern Pennsylvania Economic Development Authority Act, providing for the establishment, membership, powers, and operations of the authority, including right and power to set up a retirement or pension fund for its employees	Referred to Senate Finance Committee	01/29/91
S. B. 319 P. N. 329 (Greenleaf)	PSERS, making an involuntary leave of absence required by the employer because of the pregnancy of the member and occurring prior to May 17, 1975, an approved leave of absence	Referred to Senate Finance Committee	01/29/91
S. B. 329 P. N. 339 (Helfrick)	Volunteer Firemen's Relief Association Act, providing for volunteer firefighters' retirement plans	Referred to Senate Finance Committee	01/29/91
S. B. 344 P. N. 354 (Armstrong)	PSERS and SERS, changing provisions regarding return to service without loss of annuity to increase the number of days from 75 to 95 in PSERS and from 60 to 95 in SERS, to redefine the emergency conditions under which an annuitant may so return, and to count such time of less than ½ a day as ½ a day	Referred to Senate Finance Committee	01/29/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 345 P. N. 355 (Mellow)	Home Rule Charter and Optional Plans Law, authorizing a city of the second class A (Scranton) to permit its employees to purchase service credit for prior military service time	Referred to Senate Local Government Committee Reported as committed Laid on the table Actuarial Note (P. N. 355)	01/29/91 03/19/91 04/23/91 06/12/91
S. B. 349 P. N. 358 (Fumo)	Intergovernmental Cooperation Authority Law, establishing and providing for the powers and duties of the authority, including power and duty to fix the compensation of officers and employees and making its bonds permitted investments for trustees and other fiduciaries	Referred to Senate Intergovernmental Affairs Committee	01/30/91
S. B. 350 P. N. 359 (Rhoades)	Public School Code of 1949, adding employees who are members of a National Guard component or any armed forces reserve component called or ordered into active Federal service other than active duty for training to employees granted military leaves of absence and requiring school districts to pay on behalf of these employees the cost of continued health insurance and other benefits in addition to retirement system benefits as required under the Military Code	Referred to Senate Education Committee	02/01/91
S. B. 401 P. N. 426 (Fumo)	Constitution of Pennsylvania, adding section 18 to article 8 placing restrictions on the enactment of statutes requiring political subdivisions to spend money or limiting their ability to raise revenue but excepting statutes adopted to require funding of pension benefits existing on the effective date of the section	Referred to Senate Local Government Committee Reported as committed Second Consideration Passed Senate (50-0) Referred to House Local Government Committee	02/11/91 03/19/91 10/22/91 11/18/91 11/20/91
S. B. 405 P. N. 1502 (Mellow)	PSERS and SERS; PSERS, providing for purchase of service credit for activated military service, mandatory maternity leave of absence prior to 05/17/75, Cadet Nurse Corps service retroactive to 01.01/75 and permitting now retired members to purchase this service, and limiting multiple service members to purchasing a total of 5 years of nonintervening military service in both PSERS and SERS, excluding from mandatory membership annuitants who return to school service in an emergency and amending the emergency conditions provisions by increasing the number of permitted days from 75 to 95 full-day sessions and counting less than 1/2 day as 1/2 day, extending retirement at any age with 30 years of service without a reduction in annuity because of age from 09/30/91 to 06/30/93, removing mandated 5 1/2% valuation interest rate, changing amortization method to 20-year level percent of payroll increasing 5% a year from 07/01/91 for all liabilities existing on 07/01/91,	Referred to Senate Finance Committee Reported as amended Re-referred to Senate Appropriations Committee Actuarial Note (P. N. 718) Re-reported as amended Second Consideration Passed Senate (47-1) Referred to House Appropriations Committee Reported as amended Commission Letter (P. N. 905, A. 946) Second Consideration Re-committed to House Appropriations Committee Commission Letter (P. N. 1230, A. 1025) Commission Letter (P. N. 1230, A. 1038) Commission Letter (P. N. 1230, A. 1039) Commission Letter (P. N. 1230, A. 1040) Commission Letter (P. N. 1230, A. 1081) Commission Letter (P. N. 1230, A. 1088) Commission Letter (P. N. 1230, A. 1103)	02/11/91 03/12/91 03/13/92 03/20/91 04/02/91 04/16/91 04/22/91 05/06/91 05/29/91 05/30/91 06/03/91 06/17/91 06/21/91 06/21/91 06/21/91 06/21/91 06/21/91 06/21/91 06/21/91 06/21/91

BILL NUMBER
 PRINTER'S NUMBER
 (PRIME SPONSOR)

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	from 07/01/92 for liabilities occurring because of the bill, from 07/01 following future supplemental annuities, and from 07/01 years after future experience adjustments, providing \$55/month health insurance premium assistance to annuitants with 24½ or more years of service and disability annuitants beginning 07/01/92, requiring Commonwealth and employers to begin paying into account to fund health insurance premium beginning 07/01/91, permitting PSERS to charge 2% for administrative services, authorizing withholding from annuities for remainder of health insurance premiums, clarifying, liberalizing, and legitimizing certain investments, increasing from 1% to 2% of assets the amount that may be invested in venture capital, giving legislative members of board right to vote, permitting board to fix compensation and classification for certain employees, placing burden of proof on disabled annuitants to establish continued disability, and requiring PSERS to recertify FY 91-92 contributions within 15 days of adoption of act; SERS, expanding public safety employee benefit coverage to include employees of Departments of Corrections and Public Welfare who provide therapeutic treatment to inmates and to employees of Office of Attorney General and Board of Probation and Parole vested with police powers and charged with enforcement of criminal and parole laws, excluding employees of the Philadelphia Regional Port Authority from mandatory membership and providing for the transfer of their service credits to SERS from previous retirement systems at full actuarial cost, providing for purchase of service service credit for pre-1970 service as a justice of the peace, making Military Code provisions regarding credit for military service apply to all SERS members, extending intervening military service to include service in Desert Shield/Storm, limiting multiple service members to the purchase of a total of 5 years of military service in both systems, and rewording purchase of service credit provisions by educators for out-of-state educational service, granting additional service credit early retirement incentive of 10% of accrued service to vested members age 55 before 02/01/92 terminating service and retiring before 12/31/91, extending special early retirement provisions in revised form of retirement at any age with 30 years of service without reduction in annuity because of age from 10/01/91 to 06/30/93, removing mandated 5½% valuation interest rate, changing amortization method to 20-year level	<p>Commission Letter (P. N. 1230, A. 1078)</p> <p>Commission Letter (P. N. 1230, A. 1197)</p> <p>Commission Letter (P. N. 1230, A. 1490)</p> <p>Re-reported as committed</p> <p>Commission Letter (P. N. 1230, A. 1051)</p> <p>Commission Letter (P. N. 1230, A. 1263)</p> <p>Amended and Passed House (201-0)</p> <p>Referred to Senate Rules and Executive Nominations Committee</p> <p>Reported as committed</p> <p>Senate Non-concurred in House amendments</p> <p>House Insisted upon its Amendments</p> <p>Referred to Conference Committee</p> <p>Reported as Amended</p> <p>Passed Senate (50-0)</p> <p>Passed House (202-0)</p> <p>Act 1991-23</p>	<p>06/24/91</p> <p>06/24/91</p> <p>06/24/91</p> <p>06/24/91</p> <p>06/26/91</p> <p>06/26/91</p> <p>06/26/91</p> <p>06/30/91</p> <p>08/02/91</p> <p>08/02/91</p> <p>08/02/91</p> <p>08/03/91</p> <p>08/03/91</p> <p>08/03/91</p> <p>08/03/91</p> <p>08/03/91</p> <p>08/05/91</p>

BILL NUMBER
PRINTER'S NUMBER
(PRIME SPONSOR)

SUBJECT

CONCISE HISTORY AND STATUS

DATE

percent of payroll increasing 5% a year from 07/01/91 for for all liabilities existing on 07/01/91, from 07/01/92 for liabilities occurring because of the bill, from 07/01 following future supplemental annuities, and from 07/01 years after future experience adjustments, increasing from 60 to 95 full-days the number of days an annuitant may return to Commonwealth service without suspension of annuity, counting less than 1/2 day as 1/2 day, and changing declarer of emergency to Governor from department head, clarifying, liberalizing, and legitimizing certain investments, increasing from 1% to 2% value of assets that may be invested in venture capital, permitting board to establish compensation for certain employees, permitting SERS to take over retirement counseling from departments, placing burden of proof on disability annuitants to establish continued disability, requiring recertification of FY 91-92 contributions within 15 days of adoption of bill, and excluding code provisions from labor relations process by prohibiting future collective bargaining agreements or arbitration awards from changing pension plan in code; and excluding bill from provisions of § 7 of Act 66 of 1981

S. B. 407 P. N. 432 (Rhoades)	Act regulating the deposits of State funds, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to Senate Finance Committee	02/11/91
S. B. 408 P. N. 433 (Rhoades)	PMRS, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to Senate Finance Committee	02/11/91
S. B. 409 P. N. 434 (Rhoades)	Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), placing limitations on investments in companies doing business in or with Northern Ireland and imposing annual review upon the Public Employee Retirement Study Commission	Referred to Senate Finance Committee	02/11/91
S. B. 410 P. N. 435 (Rhoades)	PSERS, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to Senate Finance Committee	02/11/91
S. B. 411 P. N. 436 (Rhoades)	SERS, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to Senate Finance Committee	02/11/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 422 P. N. 447 (Stout)	The Second Class Township Code, providing that, when office of elected township auditor is abolished, the township supervisors shall fix the compensation of working supervisors including pension plan benefits	Referred to Senate Local Government Committee	02/11/91
S. B. 427 P. N. 452 (Stout)	PSERS, authorizing purchase of service credit for service in the Cadet Nurse Corps provided that service was at least 2 years	Referred to Senate Finance Committee	02/11/91
S. B. 457 P. N. 484 (Withdrawn)	SERS, permitting a member's benefits or rights to be garnished and attached to satisfy a judgment on a claim for deceit, fraud, or breach of fiduciary duty	Referred to Senate Finance Committee	02/15/91
S. B. 514 P. N. 543 (Greenleaf)	SERS, permitting an individual who served in a district office of a legislator and who was paid out of the legislator's expense account to purchase service credit for this service as though it were previous State service	Referred to Senate Finance Committee	02/20/91
S. B. 529 P. N. 558 (Schwartz)	Family and Medical Leave Act, entitling employees to family leave in certain cases with adequate protection of the employee's employment and benefit rights including public employee pension benefits	Referred to Senate Labor and Industry Committee	02/20/91
S. B. 531 P. N. 560 (Scanlon)	Act regarding injury to certain correctional, mental health, and public welfare employees, adding certain employees of the Board of Probation and Parole to covered employees and providing that survivor spouses and minor dependents of employees dying of specified injuries be paid benefits equal to 100% of the full salary of the deceased employee decreased for benefits paid under SERS	Referred to Senate Labor and Industry Committee	02/20/91
S. B. 605 P. N. 635 (Shaffer)	Volunteer Firemen's Relief Association Act, providing for volunteer firefighters' retirement plans	Referred to Senate Finance Committee	03/05/91
S. B. 640 P. N. 670 (Greenleaf)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, changing the \$25 adjustment payment for retirees retired at least 5 years from those retired at least 5 years on January 1, 1989, to those retired at least 5 years	Referred to Senate Finance Committee	03/05/91
S. B. 644 P. N. 674 (Greenleaf)	Volunteer Firemen's Relief Association Act, providing for financial assistance to volunteer firefighters who have actively participated in the fire service for 20 years and who have attained age 65	Referred to Senate Finance Committee	03/06/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 675 P. N. 708 (Greenleaf)	SERS, permitting certain retired judges to receive an annuity equal to the salary being received at retirement but requiring these retired judges and the Commonwealth to continue contributing to SERS	Referred to Senate Finance Committee	03/12/91
S. B. 685 P. N. 727 (Loeper)	SERS, authorizing purchase of service credit for service as a justice of the peace prior to 1970	Referred to Senate Finance Committee	03/15/91
S. B. 750 P. N. 795 (Porterfield)	The Pennsylvania Workmen's Compensation Act, for compensation purposes, making certain sports officials employees of the school district that uses their services	Referred to Senate Labor and Industry Committee Referred to Senate Local Government Committee	03/19/91 03/19/91
S. B. 752 P. N. 1354 (Hart)	PMRS, extend to calendar years 1991, 1992, 1993, and 1994 the authority interest earnings to pay administrative expenses	Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Actuarial Note (P. N. 797) Re-reported as amended Passed Senate (45-0) Referred to House Local Government Committee Reported as committed Re-referred to House Appropriations Committee	05/14/91 06/03/91 06/03/91 06/12/91 06/17/91 06/19/91 06/25/91 08/01/91 08/02/91
S. B. 785 P. N. 837 (Corman)	PMRS, permitting municipalities to define the qualifications for disability retirement, redefining the terms "municipal employee" and "retired member's reserve account," changing the provisions regarding crediting of regular and excess interest to the total disability reserve account, changing mandatory membership from permanent to full-time employees, permitting withdrawal of the balance in member's excess interest account upon termination before vesting, changing the provisions for the purchase of service credit for military service, and making technical changes	Referred to Senate Local Government Committee	03/21/91
S. B. 852 P. N. 912 (Shaffer)	SERS, increasing the amount that may be invested in venture capital investments from 1% to 2% of the book value of the assets	Referred to Senate Finance Committee	04/03/91
S. B. 896 P. N. 965 (Armstrong)	SERS, including enforcement officers and investigators in the Office of Attorney General within the definition of "enforcement officer" for retirement purposes	Referred to Senate Finance Committee	04/09/91
S. B. 898 P. N. 967 (Armstrong)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, extending the provisions of the act to include survivors of retirees and providing for the Commonwealth's	Referred to Senate Finance Committee	04/09/91

BILL NUMBER
 PRINTER'S NUMBER
 (PRIME SPONSOR)

SUBJECT

CONCISE HISTORY AND STATUS

DATE

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	General Fund to pay all of this additional benefit in the first year and and some part of it in future years		
S. B. 917 P. N. 988 (Hart)	Constitution of Pennsylvania, amending section 18 of article 8 to provide for spending limitations on the Commonwealth, to require future liabilities resulting from the adoption of or contracting for new or improved deferred compensation or benefits or pensions to be fully funded each year in accordance with an accepted advance funding actuarial method, and to exclude from the limitations expenditures for funding existing unfunded pension liabilities	Referred to Senate Finance Committee	04/09/91
S. B. 945 P. N. 1016 (Fumo)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, extending the provisions of the act to include survivors of retirees and providing for the Commonwealth's General Fund to pay all of this additional benefit in the first year and some part of it in future years	Referred to Senate Finance Committee	04/11/91
S. B. 985 P. N. 1361 (Pecora)	Cities of the third class optional retirement systems for nonuniformed employees, making one of the two employee members of the retirement system board a retiree chosen by the association of retired city employees and permitting the board to recommend and city council to approve COLAs based upon the increase in the CPI-U but with the resulting annuity not exceeding 1/2 the current salary being paid to nonuniformed employees of the highest pay grade	Referred to Senate Local Government Committee Reported as committed Actuarial Note (P. N. 1079) Second Consideration Amended on Third Consideration Passed Senate (45-0) Referred to House Local Government Committee	04/23/91 05/14/91 06/12/91 06/17/91 06/18/91 06/19/91 06/25/91
S. B. 1018 P. N. 1112 (Loeper)	Philadelphia Regional Airport Authority Act, creating the authority and providing for its specific powers, including appointing employees and fixing their compensation and either enrolling its employees in SERS or permitting its employees to retain membership in City of Philadelphia employee retirement system	Referred to Senate Intergovernmental Affairs Committee	04/25/91
S. B. 1043 P. N. 1154 (Stewart)	SERS, authorizing purchase of service credit for service as a justice of the peace prior to 1970	Referred to Senate Finance Committee Advisory Note (P. N. 1154)	05/13/91 06/21/91
S. B. 1082 P. N. 1199 (Hart)	PSERS, increasing the number of members of the retirement board from 15 to 16 by adding a second annuitant elected by annuitants	Referred to Senate Finance Committee	05/17/91
S. B. 1089 P. N. 1206 (Loeper)	Act requiring fiscal notes to be prepared by the Appropriations Committees prior to 3rd consideration by either the Senate or the House of	Referred to Senate Rules and Executive Nominations Committee Reported as committed	05/17/91 10/21/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	Representatives regarding legislation containing certain mandates to local governments	Second consideration Passed Senate (50-0) Referred to House Rules Committee	11/12/91 11/18/91 11/20/91
S. B. 1091 P. N. 1208 (Hart)	Economic Impact Statement Act, requiring that, upon request by a State official or member of that house of the General Assembly considering it, any proposed legislation shall be reviewed by the Department of Commerce and have attached to it an economic impact statement	Referred to Senate Community and Economic Development Committee Reported as committed	05/17/91 11/19/91
S. B. 1093 P. N. 1210 (Rhoades)	PSERS and SERS, adjusting frozen present values of annuities of annuitants who return to service for cost-of-living increases occurring during the period of returned service and, effective January 1, 1992, granting annual cost-of-living increases based on the CPI-U but not exceed 3% to all annuitants retired at least two years	Referred to Senate Finance Committee	05/17/91
S. B. 1109 P. N. 1760 (Lemmond)	County Pension Law, amending the provisions for simultaneous payments of salary and retirement allowances by adding individuals prohibited from being members of the system by a home rule charter to the category of those deemed not to be reemployed and by imposing the proportionate reduction in retirement allowance only on those serving in excess of 1,000 hours a year	Referred to Senate Local Government Committee Reported as committed Actuarial Note (P. N. 1226) Re-referred to Senate Rules and Executive Nominations Committee Re-reported as amended Second Consideration Passed Senate (31-18)	05/20/91 06/26/91 09/11/91 11/25/91 11/26/91 12/09/91 12/10/91
S. B. 1134 P. N. 1403 (Tilghman)	SERS, Fiscal Year 91-92 appropriations bill of \$11,954,000	Referred to Senate Appropriations Committee Reported as committed Re-committed to Senate Appropriations Committee Re-reported as amended Second Consideration Re-committed to Senate Appropriations Committee Re-reported as committed Passed Senate (50-0) Referred to House Appropriations Committee Reported as committed Second Consideration Passed House (199-0) Act 1991-9A	06/05/91 06/10/91 06/10/91 06/26/91 06/26/91 06/26/91 06/26/91 07/23/91 07/23/91 07/24/91 07/25/91 08/01/91 08/02/91 08/04/91
S. B. 1135 P. N. 1493 (Tilghman)	PSERS, Fiscal Year 91-92 appropriations bill of \$16,381,000	Referred to Senate Appropriations Committee Reported as committed Re-committed to Senate Appropriations Committee Re-reported as committed Second Consideration Re-committed to Senate Appropriations Committee	06/05/91 06/10/91 06/10/91 06/26/91 06/26/91 06/26/91

BILL NUMBER
PRINTER'S NUMBER
(PRIME SPONSOR)

SUBJECT

CONCISE HISTORY AND STATUS

DATE

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Re-reported as committed	07/23/91
		Passed Senate (50-0)	07/23/91
		Referred to House Appropriations Committee	07/24/91
		Reported as amended	07/25/91
		Second Consideration	08/01/91
		Passed House (197-1)	08/02/91
		Referred to Senate Rules and Executive Nominations Committee	08/02/91
		Reported as committed	08/02/91
		Senate Concurred in House amendments (50-0)	08/02/91
		Act 1991-10A	08/04/91
S. B. 1200 P. N. 1348 (Baker)	County Room Rental Occupancy Tax Act, authorizing counties of the third through eighth class to impose a tax on room rentals up to 5% and to use the revenue to meet their obligations under programs mandated by federal or Commonwealth law and to support recognized tourist promotion agencies and tourism related programs	Referred to Senate Intergovernmental Affairs Committee	06/17/91
		Reported as committed	
		Re-committed to Senate Intergovernmental Affairs Committee	06/19/91 07/10/91
S. B. 1246 P. N. 1436 (Rhoades)	SERS, providing for automatic annual postretirement adjustments equal to the increase in the CPI-U but not to exceed 3% and not applicable to annuities exceeding \$30,000 a year or to withdrawal annuities prior to superannuation age	Referred to Senate Finance Committee	07/03/91
S. B. 1249 P. N. 1439 (Reibman)	Municipal Police Pension Law (Act 600), permitting cost-of-living increases in the benefits of survivor-spouses not to exceed either increase in the CPI since the death of the member nor 37½% or 30% of the salary for computing retirement benefits and providing that assets must exceed present value of future benefits both before and after the cost of living increase	Referred to Senate Local Government Committee	07/03/91
S. B. 1265 P. N. 1463 (Salvatore)	Act providing for collective bargaining between school administrators in school districts of the first class and their public employers concerning terms and conditions of employment including retirement and pension benefits and providing for mandatory arbitration	Referred to Senate Labor and Industry Committee	07/15/91
S. B. 1282 P. N. 1481 (Salvatore)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, providing for automatic annual adjustments for both retirees and survivors based upon the CPI-U, giving adjustments to survivors based on the retirement date of the retiree, and providing for payment by the General Fund for some or all of the cost of the adjustments for survivors	Referred to Senate Finance Committee	07/29/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 1308 P. N. 1520 (Andrezeski)	SERS, authorizing agents of the Liquor Control Board to purchase service credit for previous nonstate service as a full-time law enforcement officer with a municipality, where five years of such employment was a prerequisite to employment with the Liquor Control Board	Referred to Senate Finance Committee	08/12/91
S. B. 1337 P. N. 1551 (Salvatore)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, adding the special ad hoc adjustment to the base pension for all pension computation purposes	Referred to Senate Finance Committee	09/09/91
S. B. 1353 P. N. 1571 (Hart)	The Third Class City Code, requiring cities in which the general fund exceeds \$6 million to maintain its accounts according to GAAP or regulations issued by DCA, withholding highway aid, General Municipal Pension System State Aid, and Supplemental State Assistance from violators, and requiring Director of Accounts and Finance to certify conformity in annual financial and audit report form	Referred to Senate Local Government Committee	10/08/91
S. B. 1368 P. N. 1596 (Armstrong)	Public Employee Retirement Study Commission Act, changing the name of the Commission to Public Employee Retirement Commission, changing the time limit for actuarial notes from 25 to 20 legislative days, and extending the term of the Commission to December 31, 2001	Referred to Senate Finance Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Passed Senate (50-0) Referred to House State Government Committee Reported as committed Re-referred to House Appropriations Committee Re-reported as committed Second Consideration Passed House (201-0) Act 1991-42	10/15/91 10/22/91 11/12/91 11/12/91 11/18/91 11/19/91 11/25/91 11/26/91 12/09/91 12/09/91 12/09/91 12/10/91 12/20/91
S. B. 1369 P. N. 1597 (Armstrong)	Act reestablishing the Municipal Pension Advisory Committee and fixing its termination date as December 31, 2001	Referred to Senate Finance Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Passed Senate (50-0) Referred to House State Government Committee Reported as committed Re-referred to House Appropriations Committee Re-reported as committed Second Consideration Passed House (199-1) Act 1991-43	10/15/91 10/22/91 11/12/91 11/12/91 11/18/91 11/19/91 11/25/91 11/26/91 12/09/91 12/09/91 12/09/91 12/10/91 12/20/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 1379 P. N. 1615 (Baker)	Financially Distressed Municipalities Act, various amendments, including changing the provisions regarding parties with standing to seek a determination of municipal financial distress from seek to request a determination and among these parties placing 10% or more of the beneficiaries of a pension fund and the trustee or actuary of a fund into separate paragraphs	Referred to Senate Local Government Committee	10/21/91
S.B. 1407 P.N. 1659 (Greenleaf)	SERS and PSERS, amending Act 1991-23 to permit PSERS members and annuitants who were active members after December 31, 1988, to purchase Cadet Nurse Corps service credit	Referred to Senate Urban Affairs and Housing Committee	11/12/91
S. B. 1416 P. N. 1677 (Stewart)	Housing Authorities Law, permitting housing authorities in cities of the third class to appoint police officers	Referred to Senate Urban Affairs and Housing Committee	11/13/91
S. B. 1421 P. N. 1683 (Armstrong)	SERS, providing that the employer contribution rate for members of an independent retirement system shall be 9.29% in FY 1992-93 and all years thereafter for five years and that the Public Employee Retirement Study Commission shall study the rate in four years and report to the Governor and General Assembly recommending a rate for the next five years	Referred to Senate Finance Committee	11/18/91
S. B. 1465 P. N. 1773 (Greenwood)	Repealing Act 632 of 1959 providing for the payment of the salary, medical, and hospital expenses of employees of Commonwealth penal and correctional institutions, Commonwealth mental hospitals, Youth Development Centers, County Boards of Assistance, and under certain conditions other employees of the Department of Public Welfare, who are injured in the performance of their duties, and providing benefits to their surviving spouses and dependents in certain cases	Referred to Senate Labor and Industry Committee	12/04/91
S. B. 1489 P. N. 1798 (Lincoln)	PSERS and SERS, amending Act 23 of 1991 to make the permission to purchase service credit in PSERS for maternity leaves of absence retroactive to June 1, 1991	Referred to Senate Finance Committee	12/09/91
H. B. 64 P. N. 53 (Lescovitz)	Enacting a Group Insurance Act that would permit the term "employees" to include elected or appointed officials of a public body	Referred to House Insurance Committee	01/15/91
H. B. 76 P. N. 79 (Blaum)	Family and Medical Leave Act, entitling employees to family leave in certain cases with adequate protection of the employee's employment and benefit rights including public employee pension benefits.	Referred to House Labor Relations Committee Reported as committed Re-referred to House Appropriations Committee Re-reported as committed	01/15/91 01/28/91 01/28/91 01/29/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Second Consideration	01/29/91
		Passed House (106-87)	01/30/91
		Referred to Senate Labor and Industry Committee	02/01/91
H. B. 106 P. N. 103 (Rudy)	SERS, providing for purchase of not more 3 years of service credit for service in the United States Peace Corps provided the service was at least 2 years	Referred to House State Government Committee Advisory Note (P. N. 103)	01/29/91 05/15/91
H. B. 136 P. N. 133 (Kukovich)	The Pennsylvania Workmen's Compensation Act, defining volunteer policemen as employees of municipalities	Referred to House Labor Relations Committee	01/29/91
H. B. 154 P. N. 151 (D. R. Wright)	SERS, providing for Commonwealth payment of part of a health insurance benefit for annuitants with less than 25 eligibility points	Referred to House State Government Committee	01/29/91
H. B. 209 P. N. 1799 (O'Donnell)	Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class, establishing and providing for the powers and duties of the authority, including the power to contribute to retirement plans for the benefit of its employees and to enroll its employees in an existing retirement system of a government agency, exempting pension fund payments required by law from the funds that the Commonwealth pays the city that the authority may have suspended, making the authority's bonds legal investments for pension or annuity funds or systems of the Commonwealth or of a city of the first class or other trustees and fiduciaries, and permitting the city to defer payment of the minimum municipal obligation due its public employee retirement system on June 20, 1991, and to pay this either in accordance with an agreement with the system trustees by April 1, 1992, or with interest not later than October 1, 1991	Referred to House State Government Committee Reported as committed Second Consideration Re-committed to House State Governmet Committee Re-reported as amended Re-referred to House Appropriations Committee Re-reported as committed Re-committed to House Appropriations Committee Re-reported as amended Amended and Passed House (121-79) Referred to Senate Intergovernmental Affairs Committee Reported as committed Re-committed to Senate Intergovernmental Affairs Committee Re-reported as amended Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Passed Senate (30-17) House Concurred in Senate amendments (123-80) Act 1991-6	01/30/91 04/02/91 04/03/91 04/03/91 04/16/91 04/16/91 04/16/91 04/16/91 04/17/91 04/22/91 04/23/91 04/29/91 05/14/91 05/14/91 06/03/91 06/03/91 06/03/91 06/03/91 06/03/91 06/03/91 06/04/91 06/05/91 06/05/91
H. B. 232 P. N. 466 (Cowell)	PSERS, making an involuntary leave of absence required by the employer because of the pregnancy of a member and occurring prior to	Referred to House Education Committee Reported as amended Re-committed to House Appropriations Committee	02/04/91 03/11/91 03/13/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	May 17, 1975, an approved leave of absence, providing for the purchase of service credit for up to 2 years of this leave, basing the purchase price upon compensation received during the first year of subsequent school service, and excepting the purchase payment from Option 4 withdrawal; providing for the purchase of service credit for up to 3 years for service in the Cadet Nurse Corps provided the service was at least 2 years; extending the special early retirement provisions from September 30, 1991, to June 30, 1993; and changing provisions regarding return to service without loss of annuity to increase the number of days from 75 to 95, redefining the emergency conditions under which an annuitant may so return, and counting such time of less than ½ a day as ½ a day	Actuarial Note (P. N. 466)	04/16/91
H. B. 258 P. N. 269 (Godshall)	Constitution of Pennsylvania, amending section 16 or article 5 to change the date of mandatory retirement for justices, judges, and district justices from the day they become age 70 to the last day of the calendar year in which they attain age 70	Referred to House State Government Committee	02/05/91
H. B. 287 P. N. 298 (Kosinski)	PSERS and SERS, granting a special supplemental postretirement adjustment to annuitants who retired after the effective dates of the retirement codes and before January 19, 1984, who had military service for which they receive or will receive retirement pay under 10 U.S.C. ch. 67, and who have not purchased nonschool or nonstate service credit for this service, and providing that the calculations for any future supplemental postretirement annuity include this supplemental annuity or service or both	Referred to House State Government Committee	02/05/91
H. B. 308 P. N. 324 (Herman)	Tax Reform Code of 1971, excluding from the meaning of "compensation" contributions to an individual retirement account, a deferred compensation plan, or any other retirement plan contributed to by the taxpayer that is approved by the IRS	Referred to House Finance Committee	02/06/91
H. B. 312 P. N. 328 (Cowell)	Public School Code of 1949, requiring community colleges to give option to employees who are members of the PSERS to purchase group health insurance upon retirement until 65 years old or until they are covered by another plan	Referred to House Education Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P. N. 328)	02/06/91 03/11/91 03/13/91 03/26/91
H. B. 314 P. N. 330 (Murphy)	SERS, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to House State Government Committee Reported as committed	02/06/91 10/07/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Re-committed to House Appropriations Committee	10/15/91
H. B. 315 P. N. 331 (Murphy)	PSERS, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to House Education Committee Reported as committed	02/06/91 11/19/91
H. B. 316 P. N. 332 (Murphy)	Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), placing limitations on investments in companies doing business in or with Northern Ireland and imposing annual reviews upon the Public Employee Retirement Study Commission	Referred to House Local Government Committee	02/06/91
H. B. 317 P. N. 333 (Murphy)	PMRS, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to House Local Government Committee	02/06/91
H. B. 318 P. N. 334 (Murphy)	Act regulating deposits of State funds, placing limitations on investments in companies doing business in or with Northern Ireland	Referred to House State Government Committee Reported as committed Re-committed to House Appropriations Committee	02/06/91 10/07/91 10/15/91
H. B. 371 P. N. 399 (Richardson)	Act providing priorities for the reinvestment of public moneys currently invested in the Republic of South Africa and Namibia	Referred to House Finance Committee	02/12/91
H. B. 372 P. N. 400 (Richardson)	PSERS, prohibiting investments in corporations doing business in the Republic of South Africa and Namibia	Referred in House Education Committee	02/12/91
H. B. 373 P. N. 401 (Richardson)	PMRS, requiring divestiture of investments in corporations involved in or doing business in or with the Republic of South Africa and Namibia	Referred to House Local Government Committee	02/12/91
H. B. 374 P. N. 402 (Richardson)	Act regulating the deposits of State funds, prohibiting State depositories from maintaining financial transactions with the Republic of South Africa and Namibia	Referred to House Finance Committee	02/12/91
H. B. 375 P. N. 403 (Richardson)	Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), prohibiting investments in corporations doing business in the Republic of South Africa and Namibia and imposing enforcement duty upon the Public Employee Retirement Study Commission	Referred to House Local Government Committee	02/12/91
H. B. 376 P. N. 404 (Richardson)	Act requiring cities to enact responsible investment ordinances providing for the withdrawal of city funds from banks and business entities doing business with the Republic of South Africa and Namibia	Referred to House Local Government Committee	02/12/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 377 P. N. 405 (Richardson)	SERS, prohibiting investments in corporations doing business in the Republic of South Africa and Namibia	Referred to House State Government Committee	02/12/91
H. B. 378 P. N. 406 (Richardson)	Act requiring State-related universities and member institutions of the State System of Higher Education to divest themselves of investments in the Republic of South Africa and Namibia	Referred to House Education Committee	02/12/91
H. B. 395 P. N. 423 (Corrigan)	PSERS, authorizing purchase of service credit for service in any private or parochial school in Pennsylvania or any other state, territory, or area under the jurisdiction of the United States	Referred to House Education Committee	02/12/91
H. B. 417 P. N. 924 (Vroon)	PSERS, replacing the State Treasurer with a master trustee, requiring reporting of payments in accordance with generally accepted accounting principles, and requiring annual audits by an independent auditor	Referred to House Education Committee	03/11/91
H. B. 429 P. N. 488 (Vroon)	Act regulating investments of public pension or retirement systems, prohibiting investments or divestments based upon sociological, ideological, or political grounds unless required to do so by the General Assembly	Referred to House State Government Committee	03/11/91
H. B. 464 P. N. 523 (Civera)	SERS, requiring the 10% of book value discretionary investments to include affordable housing programs administered by the Pennsylvania Housing and Finance Agency	Referred to House State Government Committee	03/11/91
H. B. 465 P. N. 524 (Civera)	PSERS, requiring the 10% of book value discretionary investments to include affordable housing programs administered by the Pennsylvania Housing and Finance Agency	Referred to House Education Committee	03/11/91
H. B. 505 P. N. 562 (Pistella)	SERS, providing an additional early retirement incentive for active members with at least 10 eligibility points who have reached age 55 of an additional service credit of 10% of their Class A service during the period 04/01/91 through 9/30/91 and making the payments to amortize the increased unfunded actuarial accrued liability a uniform annual dollar amount over the 10 year period beginning 07/01/92	Referred to House State Government Committee Actuarial Note (P. N. 562) Reported as committed Re-referred to House Appropriations Committee	03/11/91 03/20/91 04/09/91 04/09/91
H. B. 512 P. N. 569 (Levdansky)	SERS, subjecting a member's benefit or right to garnishment and attachment to satisfy a judgment or a claim for deceit, fraud, or breach of fiduciary duty	Referred to House State Government Committee	03/11/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. R. 43 P. N. 624 (Wozniak)	Resolution directing the House Education Committee to investigate the feasibility of having the Commonwealth pay the salaries and provide benefits for public school teachers	Referred to House Rules Committee	03/12/91
H. B. 556 P. N. 633 (Stairs)	Constitution of Pennsylvania, adding section 18 to article 8 to restrict the power of the Commonwealth to require political subdivisions to spend money but excepting financing of pension benefits existing on the effective date of the amendment	Referred to House State Government Committee	03/12/91
H. B. 558 P. N. 635 (Stairs)	PSERS, permitting purchase of up to 5 years of nonschool service credit of 1 year for every 3 years service in previous work experience of the type required for permanent certification as a vocational teacher, making the purchase contribution the increase in the present value calculated on the basis of the average salary for the first 3 years of public school service after the nonpublic school service, and prohibiting Option 4 withdrawal of the contribution	Referred to House Education Committee Reported as committed Re-committed to House Appropriations Committee Actuarial Note (P. N. 635)	03/12/91 05/08/91 05/14/91 06/12/91
H. B. 559 P. N. 636 (Stairs)	PSERS, permitting purchase of up to 5 years of nonschool service credit of 1 year for every 3 years service in previous work experience of the type required for permanent certification as a vocational teacher, making the purchase contribution the increase in the present value calculated on the basis of the average salary for the first 3 years of public school service after the nonpublic school service, and prohibiting Option 4 withdrawal of the contribution	Referred to House Education Committee	03/12/91
H. B. 571 P. N. 637 (Stairs)	PSERS, making an involuntary leave of absence required by the employer because of the pregnancy of a member and occurring prior to May 17, 1975, an approved leave of absence, providing for the purchase of service credit for up to 2 years of this leave, basing the purchase price upon compensation received during the first year of subsequent school service, and excepting the purchase payment from Option 4 withdrawal	Referred to House Education Committee	03/12/91
H. B. 593 P. N. 659 (Coy)	PSERS, establishing a Health Insurance Account to be administered by PSERS to pay some or all of the individual health insurance premiums for eligible annuitants and providing for the contributions by employers and members into this account	Referred to House State Government Committee Advisory Note (P. N. 659)	03/12/91 07/18/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 611 P. N. 614 (Saloom)	Liquor Code, eliminating the transfer of money to the Enforcement Officer's Retirement Account in the State Stores Fund, providing for the transfer of money remaining in the account to the General Fund, and providing for the transfer of unneeded money from the Enforcement Officers Benefit Account in the SERS to the General Fund	Referred to House Liquor Control Committee Reported as committed Re-committed to House Appropriations Committee Actuarial Note (P. N. 614) Re-reported as committed Second Consideration Re-committed to House Appropriations Committee	03/11/91 03/18/91 04/02/91 04/16/91 05/29/91 05/29/91 06/03/91
H. B. 703 P. N. 780 (Markosek)	Constitution of Pennsylvania, amending section 26 of article 3 to authorize the General Assembly to increase the retirement benefits of beneficiaries who are spouses of members of a public employee retirement system	Referred to House State Government Committee	03/13/91
H. B. 711 P. N. 788 (Saurman)	Sentencing Code, providing that a public official or employee who commits certain offenses through public office or position or when public employment places individual in position to commit the crime, shall be sentenced to the next higher grade of punishment than that otherwise provided by law	Referred to House Judiciary Committee	03/13/91
H. B. 738 P. N. 815 (Michlovic)	SERS, amending the definition of "Correction Officer" to include a full-time employee assigned to the Department of Corrections or Public Welfare who is vested by written policy or through routine practice with the responsibility for the direct care, custody and control of inmates of a penal or correctional institution, community treatment center, forensic unit in a State hospital or secure unit of a youth development center operated by one of the departments, including correctional counselor, drug and alcohol treatment specialist, psychological services associate, psychologist, social worker, and youth development counselor	Referred to House State Government Committee	03/13/91
H. B. 754 P. N. 831 (Mayernik)	Act regarding injury to certain correctional, mental health, and public welfare employees, adding certain employees of the Board of Probation and Parole to covered employees and providing that survivor spouses and minor dependents of employees dying of specified injuries be paid benefits equal to 100% of the full salary of the deceased employee decreased for benefits paid under SERS	Referred to House Health and Welfare Committee Reported as committed Re-committed to House Appropriations Committee	03/13/91 06/04/91 10/15/91
H. B. 784 P. N. 861 (Micozzie)	PSERS and SERS, granting 5% cost-of-living adjustments beginning January 1992 to those who were beneficiaries or survivor annuitants of deceased annuitants before July 2, 1987, and	Referred to House State Government Committee	03/13/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	making the amortization payment a level annual payment over 20 years beginning January 1, 1992		
H. B. 804 P. N. 2441 (Wambach)	The Administrative Code of 1929, providing for the continuation of medical insurance coverage for SERS survivor-spouses at the survivor-spouses' expense with the SERS deducting some or all of the charge from the monthly annuity; also providing for membership of the board of the Pennsylvania Industrial Development Authority, for crime victims' compensation and assistance, for the rights of crime victims, for costs for offender supervision programs, for the deposit of certain surplus, for the submission of agency budget requests to the General Assembly, for the control of the electronic access to certain information provided by Governor; authorizing the Department of Environmental Resources to indemnify and hold harmless Permagrain Products, Inc; permitting the drilling of water wells on State lands under certain conditions; and providing for municipal notices relating to certain permits issued by the Department of Environmental Resources, and for the expiration of the Health-Care Facilities' Certificate of Need process	Referred to House Insurance Committee Reported as committed Second Consideration Re-committed to House Appropriations Committee Re-reported as committed Passed House (201-0) Referred to Senate Finance Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Re-reported as amended Passed Senate (50-0) House Concurred in Senate amendments (199-0) Act 1991-35	03/18/91 04/09/91 04/16/91 04/22/91 05/07/91 05/14/91 05/20/91 06/25/91 06/26/91 06/26/91 08/03/91 08/03/91 08/03/91 08/14/91
H. B. 825 P. N. 908 (Veon)	PSERS, increasing from 1 to 2 the number of annuitants on the board elected by annuitants	Referred to House Education Committee	03/18/91
H. B. 835 P. N. 918 (Itkin)	Inheritance and Estate Tax Act, exempting from the inheritance tax payments to the surviving spouse under a pension or other retirement plans where the surviving spouse is the sole distributee	Referred to House Finance Committee	03/18/91
H. B. 993 P. N. 2015 (Cappabianca)	Third Class City Port Authority Act, authorizing port authorities in cities of the third class to appoint police officers	Referred to House Urban Affairs Committee Reported as amended Re-committed to House Appropriations Committee	04/03/91 06/17/91 10/15/91
H. B. 994 P. N. 2891 (Cappabianca)	Optional nonuniformed employees retirement systems in cities of the third class, for vacancies in the membership of the retirement system board occurring after August 31, 1991, replacing one active member with a retired member chosen by the association of retirees or election of retired members, permitting adjustments in benefits to reflect increases in the cost-of-living but limiting the total allowance to not more than 1/2 of current salary being paid to nonuniformed employees of the highest pay grade, and permitting employees of a municipal water authority created by a city and commencing operation after September 30,	Referred to House Urban Affairs Committee Reported as amended Re-committed to House Appropriations Committee Actuarial Note (P. N. 2016) Re-reported as amended Second Consideration Amended and Passed House (203-0) Referred to Senate Local Government Committee	04/03/91 06/17/91 10/15/91 11/13/91 11/26/91 11/26/91 12/11/91 12/26/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	1991, who formerly were city employees, to elect to retain their memberships in the system		
H. B. 1007 P. N. 1134 (Veon)	The Third Class City Code, repealing requirement for council approval of purchases of service credit for nonintervening military service by police officers and firefighters	Referred to House Urban Affairs Committee Reported as committed Actuarial Note (P. N. 1134) Re-committed to House Appropriations Committee	04/03/91 06/17/91 09/11/91 10/15/91
H. B. 1037 P. N. 1174 (Carn)	Pennsylvania Fair Automobile Insurance Authority Act, creating the authority and defining its powers and duties, including right, power, and purpose to enroll its employees in an existing retirement system of the State, city, or other governmental entity	Referred to House Insurance Committee	04/08/91
H. B. 1048 P. N. 1191 (Herman)	SERS, permitting purchase of service credit for service with another state government and making the permission retroactive to March 1, 1991	Referred to House State Government Committee	04/09/91
H. B. 1067 P. N. 1210 (Belfanti)	SERS, increasing the amount that may be invested in venture capital investments from 1% to 2% of the book value of the assets (See Senate Bill 405).	Referred to House Appropriations Committee	04/09/91
H. B. 1069 P. N. 1212 (Pistella)	Pittsburgh nonuniformed employees' retirement system, repealing provisions relating to reduction of the amount of the pension of a member with no credited service prior to January 1, 1975, to reflect social security	Referred to House Urban Affairs Committee Reported as committed Re-committed to House Appropriations Committee	04/09/91 06/17/91 10/15/91
H. B. 1070 P. N. 1213 (Pistella)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, extending the provisions of the act to include survivors of retirees and providing for the Commonwealth's General Fund to pay all of this additional benefit in the first year and some part of it in future years	Referred to House Local Government Committee	04/09/91
H. B. 1088 P. N. 1231 (Fox)	Volunteer Firemen's Relief Association Act, permitting relief association funds to be spent for financial assistance to volunteer firefighters who have actively participated in the fire service for 20 years and who have attained age 65	Referred to House Local Government Committee	04/09/91
H. B. 1089 P. N. 1232 (Fox)	The Borough Code, permitting boroughs to levy a special real estate tax not to exceed one mill for retention and service award programs for volunteer firefighters and another such special tax for training firefighters for hazardous waste management	Referred to House Local Government Committee	04/09/91
H. B. 1090 P. N. 1233 (Fox)	The First Class Township Code, permitting townships of the first class to levy a special real estate tax not to exceed one mill for retention and	Referred to House Local Government Committee	04/09/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	service award programs for volunteer firefighters and another such special tax for training firefighters for hazardous waste management		
H. B. 1091 P. N. 1234 (Fox)	The Second Class Township Code, permitting townships of the second class to levy a special real estate tax not to exceed one mill for retention and service award programs for volunteer firefighters and another such special tax for training firefighters for hazardous waste management	Referred to House Local Government Committee	04/09/91
H. B. 1148 P. N. 1306 (Cappabianca)	The Third Class City Code, providing for annuities to surviving spouses of firefighters during the life of the spouse rather than so long as the spouse does not remarry	Referred to House Urban Affairs Committee Reported as committed Re-committed to House Appropriations Committee Actuarial Note (P. N. 1306)	04/16/91 06/17/91 10/15/91 11/13/91
H. B. 1159 P. N. 1323 (McNally)	PSERS, providing for the purchase of 1 year of service credit for every 3 years of experience of the type required for permanent certification as a vocational teacher, making the purchase contribution the increase in the present value calculated on the basis of the average salary for the first 3 years of public school service after the nonpublic school service, and prohibiting Option 4 withdrawal of the contribution	Referred to House Education Committee Reported as committed Re-committed to House Appropriations Committee Actuarial Note (P. N. 1323)	04/17/91 05/08/91 05/14/91 06/12/91
H. B. 1160 P. N. 1324 (McNally)	PSERS, providing for the purchase of service credit for previous service in an accredited nonpublic school or college if, at the time, the member was entitled to a provisional or permanent professional certificate to teach in the public schools of Pennsylvania	Referred to House Education Committee	04/17/91
H. B. 1189 P. N. 1353 (Cawley)	Second Class A City (Scranton Nonuniformed) Employee Pension Law, removing 3 year time limit for purchase of service credit for nonintervening military service and permitting city council to fix the time limit	Referred to House Urban Affairs Committee Reported as committed Re-committed to House Appropriations Committee	04/17/91 06/17/91 10/15/91
H. B. 1195 P. N. 1359 (James)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, increasing the amount of the adjustment payments, granting the adjustments to those on disability retirement or retired more than 5 years on January 1, 1991, granting future automatic annual adjustments based upon the CPI-U, extending the provisions of the act to include survivors of retirees, and providing for the Commonwealth's General Fund to pay all of the survivors benefit in the first year and some part of it in future years	Referred to House Local Government Committee	04/17/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 1213 P. N. 1387 (Van Horne)	Second Class City (Pittsburgh Nonuniformed) Employe Pension Law, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Urban Affairs Committee Reported as committed Re-referred to House Local Government Committee Re-reported as committed Re-committed to House Appropriations Committee	04/22/91 06/17/91 06/17/91 06/25/91 10/15/91
H. B. 1214 P. N. 1388 (Van Horne)	Borough, town, and township police officer retirement systems with less than 3 police officers, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1388)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1215 P. N. 1389 (Van Horne)	Parking Authority Law, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1389)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1216 P. N. 1390 (Van Horne)	Second Class City (Pittsburgh) Firemen Relief Law, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1390)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1217 P. N. 1391 (Van Horne)	Cities of the third class optional retirement systems for nonuniformed employees, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1391)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1218 P. N. 1392 (Van Horne)	Municipal Police Pension Law (Act 600), technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1392)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1219 P. N. 1393 (Van Horne)	Scranton nonuniformed employees' retirement system, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Urban Affairs Committee Reported as committed Referred to House Local Government Committee Re-reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1393)	04/22/91 06/17/91 06/17/91 06/25/91 10/15/91 11/04/91

BILL NUMBER
PRINTER'S NUMBER
(PRIME SPONSOR)

SUBJECT

CONCISE HISTORY AND STATUS

DATE

H. B. 1220 P. N. 2822 (Van Horne)	The Second Class Township Code, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205) and making supervisors and their dependents eligible for inclusion in group life, helath, hospitalization, medical service, and accident insurance plans paid in whole or in part by the township without auditor approval providing such insurance is uniformly applicable to those covered and authorizing deductions from supervisors' compensation to pay their part of any such insurance	Referred to House Local Government Committee Reported as amended Re-committed to House Appropriations Committee Commission Letter (P.N. 2135) Re-reported as amended Second Consideration Amended and Passed House (122-76) Referred to Senate Local Government Committee	04/22/91 06/25/91 10/15/91 11/04/91 11/20/91 11/20/91 11/26/91 12/10/91
H. B. 1221 P. N. 2789 (Van Horne)	The Borough Code, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205) and permitting mayor and council and their dependents to be covered under life, health, hospitalization, medical and surgical service, and accident insurance policies and annuity and pension policies paid for in part or fully by the borough	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1395) Re-reported as amended Second Consideration Passed House (127-71) Referred to Senate Local Government Committee	04/22/91 06/25/91 10/15/91 11/04/91 11/20/91 11/20/91 11/26/91 12/10/91
H. B. 1222 P. N. 1396 (Van Horne)	Pittsburgh police officers' retirement system, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1396)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1223 P. N. 1397 (Van Horne)	Scranton police officers' and firefighters' retirement systems, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1397)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1224 P. N. 2790 (Van Horne)	The First Class Township Code, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205) and permitting township commissioners and their dependents to be covered under group life, helath, hospitalization, medical and surgical, and accident insurance policies and annuity and pension policies paid for in part or in full by the township	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1398) Re-reported as amended Second Consideration Passed House (126-70) Referred to Senate Local Government Committee	04/22/91 06/25/91 10/15/91 11/04/91 11/20/91 11/20/91 11/26/91 12/10/91
H. B. 1225 P. N. 1399 (Van Horne)	Second Class City (Pittsburgh) Policemen Relief Law, technical amendments bringing it into conformity with the Municipal Pension Plan	Referred to House Local Government Committee Reported as committed	04/22/91 06/25/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	Funding Standard and Recovery Act (Act 1984-205)	Re-committed to House Appropriations Committee Commission Letter (P.N. 1399)	10/15/91 11/04/91
H. B. 1226 P. N. 1400 (Van Horne)	Act 293 of 1972, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1400)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1227 P. N. 1401 (Van Horne)	Philadelphia city employees' retirement system, technical amendments bringing it into conformity with the Municipal Pension Plan Funding standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1401)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1228 P. N. 1402 (Van Horne)	Scranton police officers' retirement system, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1402)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1229 P. N. 1403 (Van Horne)	Public Auditorium Law, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1403)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1230 P. N. 1404 (Van Horne)	Philadelphia and Scranton police officers' retirement systems, technical amendments bringing them into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1404)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1231 P. N. 1405 (Van Horne)	Foreign Casualty Insurance Premium Tax Allocation Law, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House App. Committee Commission Letter (P.N. 1405)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1232 P. N. 1406 (Van Horne)	Municipality Authorities Act of 1945, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committee Re-committed to House Appropriations Committee Commission Letter (P.N. 1406)	04/22/91 06/25/91 10/15/91 11/04/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 1233 P. N. 1407 (Van Horne)	Scranton police officers' and firefighters' retirement systems, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1407)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1234 P. N. 1408 (Van Horne)	PMRS, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1408)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1235 P. N. 1409 (Van Horne)	The Third Class City Code, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1409)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1236 P. N. 1410 (Van Horne)	Second Class A City (Scranton Nonuniformed) Employee Pension Law, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1410)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1237 P. N. 1411 (Van Horne)	Pittsburgh nonuniformed employees' retirement system, technical amendments bringing it into conformity with the Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Commission Letter (P.N. 1411)	04/22/91 06/25/91 10/15/91 11/04/91
H. B. 1262 P. N. 1449 (Flick)	Tax Reform Code of 1971, permitting certain senior citizens to exclude certain interest and dividend income from taxable income after deducting pension income from the interest and dividend income	Referred to House Finance Committee	04/23/91
H. B. 1305 P. N. 1503 (Gigliotti)	City Classification Law, changing the population requirements for cities of the second class from 500,000 to 1,000,000 to 250,000 to 1,000,000, cities of the second class A from 100,000 to 500,000 to 80,000 to 250,000, and cities of the third class from those under 500,000 to 250,000	Referred to House Urban Affairs Committee Reported as committed Second Consideration	05/06/91 11/19/91 12/10/91
H. B. 1317 P. N. 1515 (Stairs)	The Pennsylvania Workmen's Compensation Act, making athletic officials employees of the school district or organization sponsoring the competition	Referred to House Labor Relations Committee	05/06/91

BILL NUMBER
 PRINTER'S NUMBER
 (PRIME SPONSOR)

SUBJECT

CONCISE HISTORY AND STATUS

DATE

H. B. 1323 P. N. 1526 (Evans)	SERS, Fiscal Year 91-92 appropriations bill of \$11,954,000 (See Senate Bill 1134).	Referred to House Appropriations Committee Reported as committed Second Consideration Passed House (199-0) Referred to Senate Appropriations Committee Reported as committed Second Consideration Re-committed to Senate Appropriations Committee Re-reported as committed Re-committed to Senate Appropriations Committee	05/07/91 06/17/91 06/18/91 06/19/91 06/21/91 06/24/91 06/25/91 06/25/91 06/26/91 06/26/91
H. B. 1366 P. N. 1584 (Wambach)	Cities of the third class optional retirement system for nonuniformed employees, providing for 12 year vesting and for the retirement system board to recommend and the city council to approve postretirement adjustments not to exceed one-half of the current salary being paid to nonuniformed employees of the highest grade	Referred to House Urban Affairs Committee Reported as committed Re-committed to House Appropriations Committee Actuarial Note (P.N. 1584)	05/08/91 06/17/91 10/15/91 11/13/91
H. B. 1449 P. N. 2020 (Cowell)	PSERS, requiring school district to pay 100% of the employer's costs for PSERS and social security and requiring the Commonwealth to pay the school districts 50% of the employer's costs for these	Referred to House Education Committee	06/18/91
H. B. 1474 P. N. 1701 (Trello)	PSERS, increasing the period from 75 days to 90 full-day sessions in any school year during which an annuitant may return to school service without suspension of the annuity and providing for time less than 3 consecutive hours to be counted as one-half of a day (See Senate Bill 405).	Referred to House Education Committee	05/28/91
H. B. 1488 P. N. 1737 (Reber)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, changing the eligibility for the \$25 a month supplemental annuity from those retired at least 5 years on January 1, 1989, to those retired at least 4 years and making the change retroactive to January 1, 1989	Referred to House Local Government Committee	05/29/91
H. B. 1528 P. N. 1790 (Argall)	State Employees' Group Life Insurance Law, providing that, upon the regular or disability retirement of an eligible employee, the insurance shall continue without abatement or reduction in benefits for any reason	Referred to House State Government Committee	06/03/91
H. B. 1545 P. N. 1815 (Pitts)	Public School Code of 1949, in school districts of the first class and first class A, requiring referendum approval of any increases in tax derived revenue in excess of the increase in the CPI but excepting increased revenues necessary to meet increased costs that arise from mandated increases in pension or retirement costs	Referred to House Education Committee	06/05/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 1611 P. N. 1893 (Van Horne)	Volunteer Firemen's Relief Association Act, providing for volunteer firefighters' money purchase deferred benefit plans	Referred to House Local Government Committee	06/10/91
H. B. 1616 P. N. 1898 (Bunt)	PSERS, permitting purchase of service credit for previous nonschool service as an administrator, teacher, or instructor in any public, American, or international school or educational institution in any place not under the jurisdiction of the federal government, provided that the school or educational institution was accredited by a regional accrediting entity	Referred to House Education Committee	06/10/91
H. B. 1617 P. N. 1899 (Bunt)	Second Class County Code, requiring county employees' retirement boards in counties of the second class A (Delaware and Montgomery) to establish a Health Insurance Account to provide assistance in paying the health care insurance premiums of retired employees, the account to be funded by pension trust fund earnings in excess of five and one-half percent and by county appropriations	Referred to House Urban Affairs Committee	06/10/91
H. B. 1688 P. N. 1997 (Roebuck)	PSERS, substituting previous service as a municipal employee for previous service as a county employee as a nurse as nonschool service for which service credit may be purchased and giving former Commonwealth employees 3 years rather than 30 days of entering PSERS membership within which to elect multiple service membership	Referred to House State Government Committee	06/17/91
H. B. 1689 P. N. 1998 (Roebuck)	SERS, authorizing the purchase of up to 5 years of service credit for previous service as a municipal employee at the rate of one year of credit for every three years of service but at the present value of the full actuarial cost of the increase in the projected superannuation annuity and without being able to withdraw the purchase contribution as a lump sum under Option 4	Referred to House State Government Committee	06/17/91
H. B. 1697 P. N. 2021 (Vance)	County Pension Law, permitting the simultaneous payment of a retirement allowance and a salary to a county retiree who is reemployed by the county for less than 480 hours a year, or as a juror, master, or arbitrator, or in a situation where a home rule charter prohibits the retiree from being an active member of the retirement system	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee Actuarial Note (P.N. 2021)	06/18/91 06/25/91 10/15/91 11/13/91
H. B. 1707 P. N. 2031 (Mayernik)	Volunteer Firemen's Relief Association Act, providing for volunteer firefighters' retirement plans	Referred to House Local Government Committee	06/18/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 1739 P. N. 2081 (Herman)	PSERS and SERS, granting annual post retirement adjustments to retirees receiving annuities for at least 2 years of 3% or more or less based upon board's determination of fiscal impact upon pension trust fund	Referred to House State Government Committee	06/24/91
H. B. 1817 P. N. 2505 (Tigue)	Vehicle Code granting the power to arrest to qualified employees of the Department of Transportation	Referred to House Transportation Committee Reported as committed Second consideration Passed House (191-8) Referred to Senate Transportation Committee	06/28/91 10/15/91 10/21/91 10/22/91 11/12/91
H. B. 1818 P. N. 2182 (Tigue)	Municipal Police Pension Law (Act 600), reducing from 12 to 10 the number of years of total service for vesting	Referred to House Local Government Committee	06/28/91
H. B. 1819 P. N. 2183 (Tigue)	PMRS, reducing from 12 to 10 years the number of years of total service for vesting in Article II retirement systems for nonuniformed employees officers to those employees	Referred to House Local Government Committee	06/28/91
H. B. 1820 P. N. 2184 (Tigue)	The Third Class City Code, providing for vesting in the nonuniformed employees retirement system by employees with 10 years of continuous service	Referred to House Urban Affairs Committee	06/28/91
H. B. 1821 P. N. 2185 (Tigue)	Cities of the third class optional retirement systems for nonuniformed employees, providing for vesting by employees with 10 years of continuous service	Referred to House Urban Affairs Committee	06/28/91
H. B. 1822 P. N. 2186 (Tigue)	The Third Class City Code, reducing from 12 to 10 years the number of years of full-time service for vesting in police officers' retirement systems	Referred to House Urban Affairs Committee	06/28/91
H. B. 1826 P. N. 2190 (Gladeck)	Constitution of Pennsylvania, amending section 31 of article 3 by confining the findings of collective bargaining arbitrators to a choice between the last offer of the employer and the last offer of the employees' representative	Referred to House State Government Committee	06/28/91
H. B. 1830 P. N. 2193 (Thomas)	Liquor Code, providing that officers and investigators of the Bureau of Liquor Control Enforcement of the Pennsylvania State Police shall be deemed to be peace officers	Referred to House Liquor Control Committee	06/28/91
H. B. 1849 P. N. 2204 (Michlovic)	Second Class County Code, adding probation officers to those employees with public safety officer benefits	Referred to House Urban Affairs Committee	06/29/91
H. B. 1854 P. N. 2225 (Pitts)	SERS, restricting former heads of the Pennsylvania State Police from returning to position of officer and receiving an annuity based upon that	Referred to House State Government Committee	07/02/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	position unless the individual remains in that position for 12 months and prohibiting arbitration awards from determining SERS pension rights		
H. B. 1861 P. N. 2232 (Veon)	PSERS and SERS, allowing annuitants to return to service as an instructional or research faculty member in an institution of higher education without having their annuities suspended, provided that this is permitted by the collective bargaining agreement between the institution and its employees and the annuitants would render service for a period of not more than half-time service	Referred to House State Government Committee	07/02/91
H. B. 1863 P. N. 2234 (Kaiser)	PMRS, permitting members who are former SERS members to purchase service credit for their service as Commonwealth employees	Referred to House Local Government Committee	07/02/91
H. R. 161 P. N. 2243 (Saurman)	Resolution urging the Health Care Cost Containment Council to study the feasibility of replacing school nurses with public health nurses	Referred to House Rules Committee	07/02/91
H. B. 1872 P. N. 2248 (Gigliotti)	Pittsburgh nonuniformed employees' employed on or after January 1, 1975, retirement system statute, adding to the retirement system board two members elected by the beneficiaries of the system	Referred to House Urban Affairs Committee	07/03/91
H. B. 1882 P. N. 2262 (Markosek)	SERS, defining activated military service to include members ordered, after June 30, 1990, into active military service other than to meet periodic training requirements to whom the military leave provisions of the Military Code do not apply and treating activated military leave the same as intervening military service (See Senate Bill 405).	Referred to House State Government Committee	07/08/91
H. B. 1883 P. N. 2263 (Markosek)	PSERS, defining activated military service to include members ordered, after June 30, 1990, into active military service other than to meet periodic training requirements to whom the military leave provisions of the Military Code do not apply and treating activated military leave the same as intervening military service (See Senate Bill 405).	Referred to House Education Committee	07/08/91
H. B. 1893 P. N. 2281 (Caltagirone)	Act requiring State System of Higher Education to negotiate and bargain with employee organizations representing their campus police concerning the terms and conditions of their employment including pension benefits and providing for binding arbitration	Referred to House Labor Relations Committee	07/11/91

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H. B. 1931 P. N. 2326 (Flick)	The Second Class Township Code, permitting special real property and occupation tax for fire apparatus and fire companies to be used to pay the salary, benefits, and other expenses of necessary personnel	Referred to House Local Government Committee	07/22/91
H. B. 1953 P. N. 2394 (Nahill)	PSERS, authorizing purchase of service credit for service between 1965 and 1981 as either an executive director, regional supervisor, or vocational consultant related to vocational education under the employ of a State-related university or a county or regional vocational-technical school	Referred to House Education Committee	08/02/91
H. B. 1980 P. N. 2449 (Scheetz)	Constitution of Pennsylvania, amend section 26 of article 3 to authorize the General Assembly to create separate pension or retirement systems for legislators and members of the judiciary	Referred to House State Government Committee	08/04/91
H. B. 1988 P. N. 2472 (Mrkonic)	The Administrative Code of 1929, prohibiting Commonwealth departments, boards, commissions, authorities, or agencies from entering into consulting contracts	Referred to House State Government Committee	10/08/91
H. B. 2016 P. N. 2518 (Cappabianca)	The Second Class Township Code, providing for the duties of elected auditors and the compensation of supervisors, including making supervisors eligible for inclusion in pension plans upon approval by the auditors provided the supervisors are serving as employees, the supervisors meet the same requirements as other eligible employees, and the plans do not improperly discriminate in favor of the supervisors	Referred to the House Local Government Committee	10/16/91
H. B. 2068 P. N. 2574 (Hanna)	SERS, adding campus police officers to those public safety officers entitled to superannuation retirement at age 50 but prohibiting retroactive application for services prior to effective date of amendatory act	Referred to House State Government Committee	10/21/91
H. B. 2102 P. N. 2631 (Veon)	Public Employee Pension Forfeiture Act, adding to the list of crimes related to public office or public employment certain sexual offenses against minors under 18	Referred to House Judiciary Committee	11/12/91
H. B. 2106 P. N. 2635 (Fairchild)	Constitution of Pennsylvania, placing spending limitations on the Commonwealth and its political subdivisions and requiring future liabilities resulting from adoption of or contracting for new deferred compensation or benefits or pensions to be funded in accordance with an accepted advance funding actuarial method	Referred to House State Government Committee	11/12/91

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 2111 P. N. 2640 (Kenney)	SERS, in addition to one purchase of service credit for nonintervening military service, permitting one purchase of service credit each year of a portion of nonintervening military service	Referred to House State Government Committee	11/12/91
H. B. 2118 P. N. 2647 (Van Horne)	The Third Class City Code, removing the \$100.00 per month limitation on the total service increment paid to retired police officers and firefighters	Referred to House Local Government Committee	11/12/91
H. B. 2208 P. N. 2770 (McHale)	Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, repealing section 302(c) of the Act, which requires a reduction in the adjustment under the Act for any subsequent adjustment received from a municipal retirement system	Referred to House Local Government Committee	11/20/91
H. B. 2250 P. N. 2838 (Saurman)	Local Tax Collection Law, defining Household Income to include any pensions or annuities, among other things	Referred to House Local Government Committee	12/09/91
H. B. 2254 P. N. 2842 (Adolph)	Tax Reform Code of 1971, defining Poverty Income to exclude payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of employment	Referred to House Finance Committee	12/09/91
H. B. 2265 P. N. 2863 (O'Donnell)	Constitution of Pennsylvania, adding section 18 to article 8 to provide that no political subdivision shall be bound by any statute requiring it to spend money or take action unless Commonwealth money is appropriated, or the political subdivision is authorized to enact a funding source not previously available, a 2/3 vote of both Houses of the General Assembly requires it, the expenditure is required to comply with a law that applies to all persons similarly situated including State and local governments, or it is required to comply with a federal requirement or for eligibility for a federal entitlement, but excluding laws that amend funding formulae existing on the effective date and laws adopted to require funding of pension benefits existing on the effective date, among other exemptions	Referred to House State Government Committee	12/10/91

