

1992  
ANNUAL REPORT  
OF THE  
PUBLIC EMPLOYEE RETIREMENT  
COMMISSION

Public Employee Retirement Commission  
Commonwealth of Pennsylvania  
March, 1993

# **PUBLIC EMPLOYEE RETIREMENT COMMISSION**

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The Sun Company

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Lehigh University

Mr. Paul D. Halliwell, A.S.A., F.C.A.  
President  
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Mr. Albert L. Hydeman, Jr.  
Director  
Economic and Community Development  
City of York

Mr. John W. Ingram  
Retired

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Senator Michael M. Dawida  
District 43, Allegheny County

Representative David W. Heckler  
District 143, Bucks County

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District 54, Allegheny and  
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COMMONWEALTH OF PENNSYLVANIA  
PUBLIC EMPLOYEE RETIREMENT COMMISSION

HARRISBURG

17120

March, 1993

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 1992.

During 1992, the Commission authorized the attachment of fifteen actuarial notes to sixteen 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 and the Public School Employees' Retirement System. This report also describes research conducted during 1992 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 tenth 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 1992.

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 tenth annual public report to*

### **JOHN W. INGRAM**

*who died on June 18, 1992. Nominated by Governor Casey on January 20, 1987, and confirmed by the Senate on March 10, 1987, Mr. Ingram served on the Commission until his death. As a Commission member, he rendered invaluable service to this Commonwealth by utilizing his knowledge of pension related issues and his wisdom in addressing the complex matters routinely brought before the Commission.*

*He was a retired director of the Pennsylvania Economy League, Secretary of Administration of the Commonwealth under Governor William W. Scranton, and Executive Director of the Constitutional Convention of 1967-68.*

*Mr. Ingram's colleagues will miss him.*



## INTRODUCTION

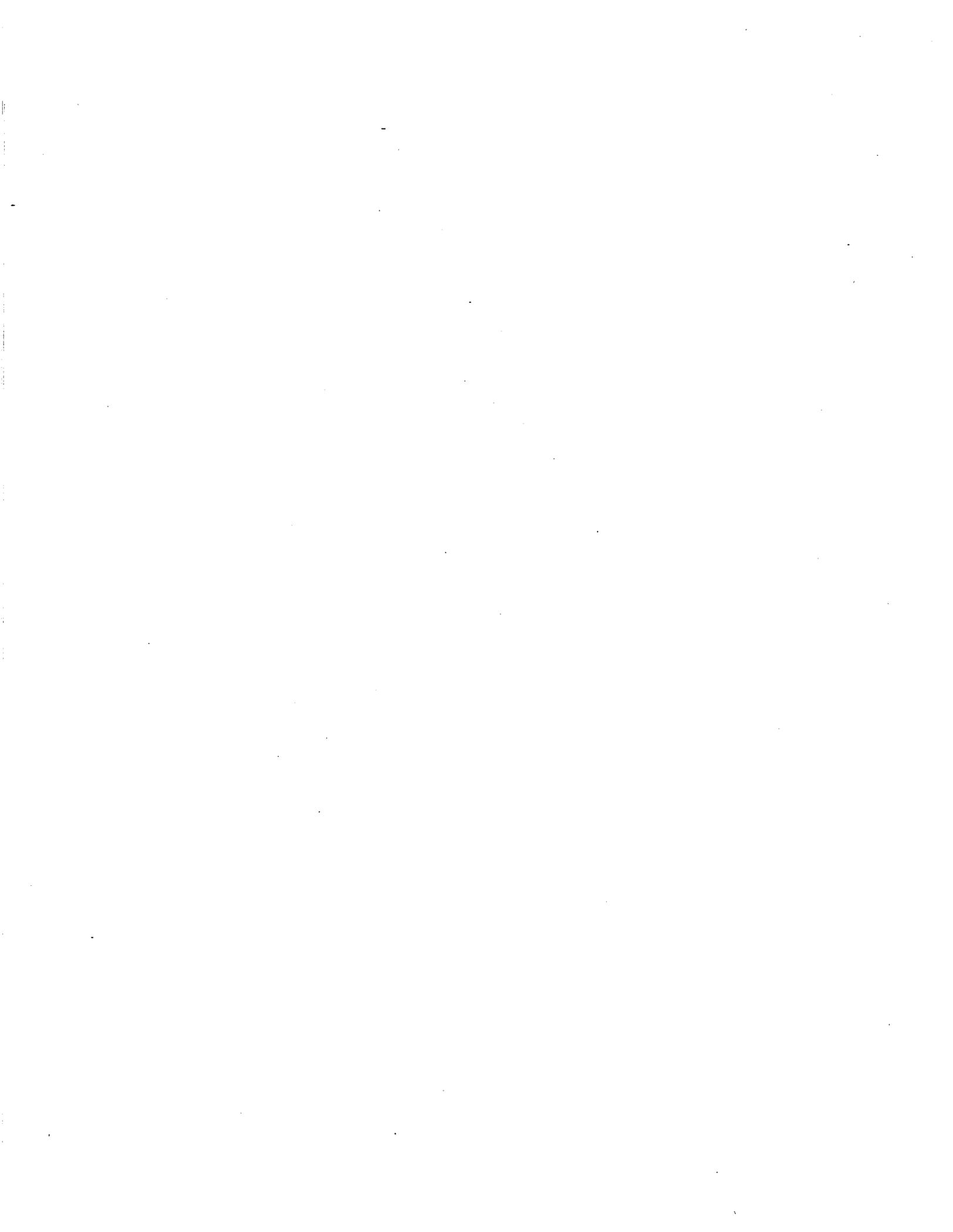
The Public Employee Retirement Commission was created in 1981 by the Public Employee Retirement Commission Act. The Commission is composed of nine members, five of whom are appointed by the Governor with the advice and consent of the Senate and four of whom are appointed by the leaders of the General 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 \$119 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.

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 seventh 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 1992.



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**DUTIES AND RESPONSIBILITIES  
OF THE COMMISSION**



## PART I

### PREPARATION OF ACTUARIAL NOTES AND ADVISORY NOTES

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#### 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 General Assembly. The procedures clarify the manner of attaching actuarial notes to bills, including floor amended bills and bills in the possession of the House and Senate Appropriations Committees upon the request 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 1992 ACTIVITY.**

During 1992, the Commission authorized the attachment of fifteen actuarial notes to sixteen bills. In addition, the Commission's staff provided the General Assembly with five advisory notes on five bills.

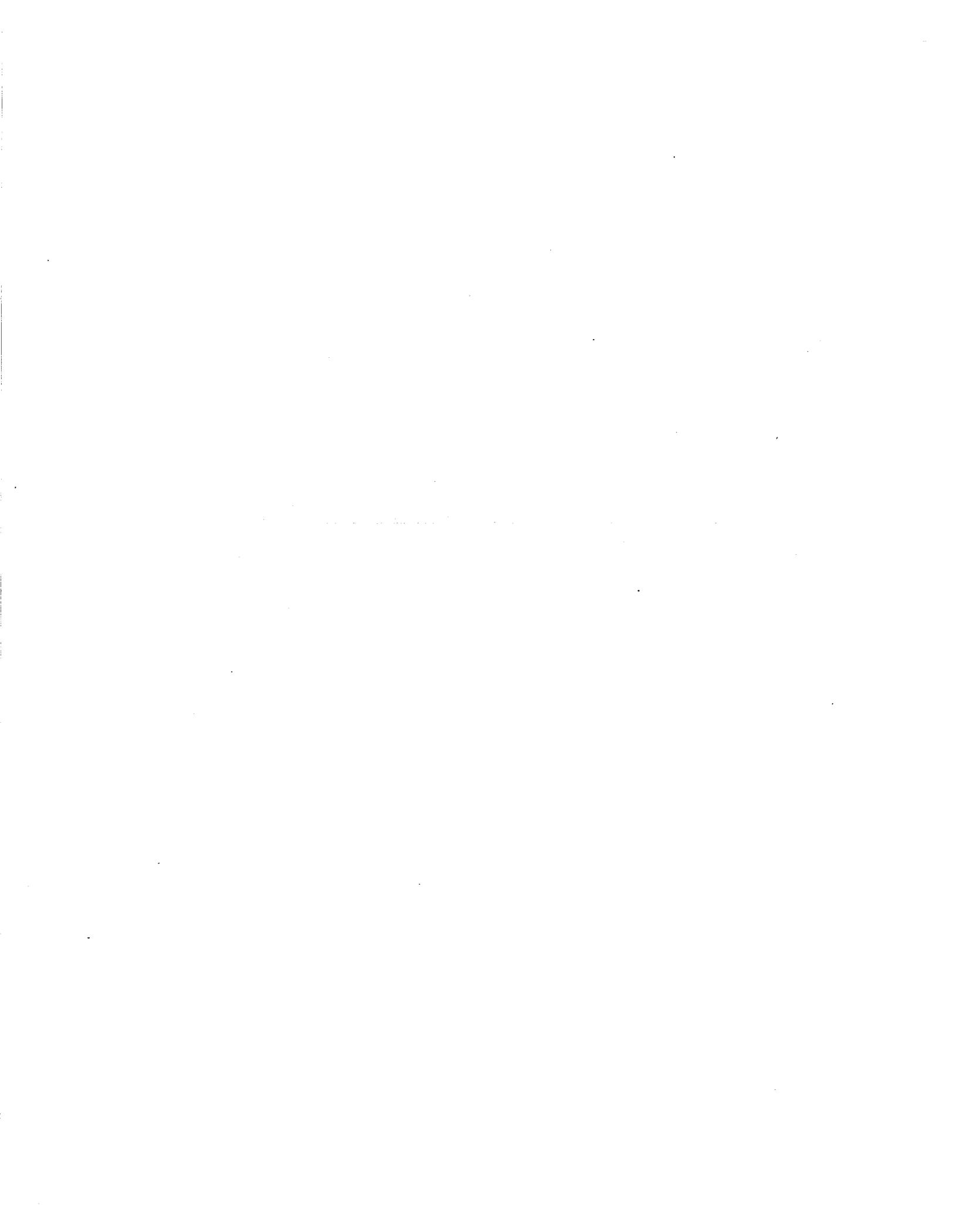
#### **C. SYNOPSES OF ADVISORY NOTES.**

- House Bill 287, Printer's Number 298. At the request of Representative Frank L. Oliver, Chairman, House State Government Committee, the Commission staff provided an Advisory Note on House Bill 287, Printer's Number 298, to him on August 11, 1992. The bill would have amended the Public School Employees' Retirement Code and the State Employees' Retirement Code to provide for the payment of a special supplemental postretirement adjustment to certain annuitants who have military service that was not considered to be purchasable nonschool or nonstate service at the time of their active service but subsequently was determined to be eligible for purchase based on a federal court decision.
- House Bill 1869, Printer's Number 1998. At the request of Representative Frank L. Oliver, Chairman, House State Government Committee, the Commission staff provided an Advisory Note on House Bill 1869, Printer's Number 1998, to him on April 2, 1992. The bill would have amended the State Employees' Retirement Code to permit active members of the State Employees' Retirement System to purchase up to five years of nonstate service credit for service with a local government association, borough, city, county, incorporated town, or township at the rate of one year of service credit for every three years, or major fraction thereof, of municipal service.

- House Bill 2111, Printer's Number 2640. At the request of Representative Frank L. Oliver, Chairman, House State Government Committee, the Commission staff provided an Advisory Note on House Bill 2111, Printer's Number 2640, to him on March 27, 1992. The bill would have amended the State Employees' Retirement Code to permit multiple purchases of service credit for nonintervening military service with individual purchases of not less than one year of service credit being limited to one in each 12-month period.
- House Bill 2429, Printer's Number 3142. At the request of Representative Frank L. Oliver, Chairman, House State Government Committee, the Commission staff provided an Advisory Note on House Bill 2429, Printer's Number 3142, to him on July 22, 1992. The bill would have amended the State Employees' Retirement Code to provide a further additional monthly supplemental annuity based on years of service and retirement effective January 1, 1993, to the about 68,000 annuitants who began receiving an annuity before July 2, 1991. The amount of the supplemental annuity would have been the sum of the produce of two dollars multiplied by the number of years of credited service plus the product of one dollar multiplied by the number of years of retirement on July 1, 1992. The supplemental annuity would have been funded over a 20 year period from July 1, 1991.
- House Bill 2723, Printer's Number 3596. At the request of Representative Frank L. Oliver, Chairman, House State Government Committee, the Commission staff provided an Advisory Note on House Bill 2723, Printer's Number 3596, to him on July 1, 1992. The bill would have amended section 5304 of the State Employees' Retirement Code to permit an active member of the State Employees' Retirement System who is an investigator employed by the Office of Attorney General, an officer of the Capitol Police, or an officer of the Pennsylvania State Police to purchase up to three years of service credit for previous nonstate service as a law enforcement officer of a Pennsylvania municipality or Pennsylvania municipal agency.

**D. SYNOPSIS 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.



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**Bill ID:** Senate Bill 785, Printer's Number 837

**System:** Pennsylvania Municipal Retirement System

**Subject:** Various Changes

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**SYNOPSIS**

Senate Bill 785, Printer's Number 837, would amend the Pennsylvania Municipal Retirement Law to permit local governments to define the qualifications for disability retirement, to redefine the terms "municipal employee" and "retired member's reserve account," to change the provisions regarding crediting of regular and excess interest to the total disability reserve account, to change mandatory membership from permanent to full-time employees, to permit withdrawal of the balance in member's excess interest account upon termination before vesting, to change the provisions for the purchase of service credit for military service, and to make technical changes.

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**DISCUSSION**

The Pennsylvania Municipal Retirement System (PMRS) was established to provide pension administrative services to any local government within the Commonwealth that elects to join the system. While PMRS is referred to as a "retirement system," each member local government has considerable flexibility in constructing its individual plan. Each participating local government retirement system 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.

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**SUMMARY OF ACTUARIAL COST IMPACT**

The consulting actuary indicates that the proposed change in the definition of eligibility for disability retirement may represent a significant increase in actuarial cost depending upon the definition of eligibility for disability retirement chosen by each member local government. The consulting actuary further indicates that, if each member local government is given the option to choose its own definition of eligibility for disability retirement, a revised method of funding the disability risk should be developed to maintain equity in the allocation of cost among member local governments providing a disability benefit under the Pennsylvania Municipal Retirement System.

The consulting actuary also indicates that the other changes proposed by the bill have no significant actuarial cost impact.

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**POLICY CONSIDERATIONS**

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

Local Government Defines Disability. The bill would allow each local government to define the qualifications for disability retirement as part of its contract with PMRS. Currently, a uniform standard is applicable to all member local governments that offer a disability benefit. The implementation of less stringent definitions of disability permitted by the bill will have an actuarial cost associated with it. The amount of the actuarial cost associated

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POLICY CONSIDERATIONS (Cont'd)

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with the proposed variable definition of disability will be a function of the number of individuals qualifying for disability under the less stringent definitions of disability who would be ineligible under current law.

Subsidized Financing of Disability Benefit. The bill would continue the current practice of funding disability benefits through the pooled Disability Reserve Account financed by annual local government contributions. Because the bill replaces the current standard definition of disability with a variable definition determined by each local government, the appropriateness of the continued utilization of the current funding mechanism for disability benefits is questionable. Financing the proposed variable disability benefits using the current funding mechanism will result in local governments with more stringent definitions of disability subsidizing local governments with less stringent definitions of disability.

Need for Definition. The phrase "full-time employee" is not defined in the Pennsylvania Municipal Retirement Law. The bill should be amended to provide such a definition to prevent problems in administration.

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COMMISSION RECOMMENDATION

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On June 17, 1992, 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.

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FINAL LEGISLATIVE STATUS

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Senate Bill 785, Printer's Number 837, passed the Senate (49-0) on November 24, 1992.

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**Bill ID:** Senate Bill 898, Printer's Number 967

**System:** All Municipal Police Officer and Firefighter Retirement Systems

**Subject:** Providing Retroactive Ad Hoc Post Retirement Adjustments to Certain Retired Public Safety Officers and Survivors

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**SYNOPSIS**

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Senate Bill 898, Printer's Number 967, would amend the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act to do two things:

Retroactively grant or increase special ad hoc post retirement adjustments to certain retired municipal police officers and firefighters, with the retiree adjustments being paid for out of the proceeds of the premium tax on casualty insurance sold in Pennsylvania by out of state insurance companies; and

Retroactively grant special ad hoc post retirement adjustments to certain survivors of municipal police officers and firefighters, with the survivor adjustments being paid out of the Commonwealth's General Fund in the first year and, in subsequent years, being paid in a decreasing amount out of the General Fund and in an increasing amount out the proceeds of the foreign casualty insurance premium tax.

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**DISCUSSION**

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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. The increase usually is made at some time after the retirement benefit commenced. 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. The decision to pay a post retirement adjustment generally is made either by the governing body of the retirement system or by the governing body of the governmental entity that established and maintains the public employee retirement system.

In 1988, the General Assembly and the Governor enacted the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act mandating post retirement adjustments for certain retired municipal police officers and firefighters. The act specifies that a portion of the proceeds of the premium tax on casualty insurance sold in Pennsylvania by out of state insurance companies be used to pay for this benefit increase, with the remainder of the proceeds continuing to be used for General Municipal Pension System State Aid. In effect, the funding for the program reduces the general state aid available for allocation to municipalities to offset their employee pension costs.

Senate Bill 898, Printer's Number 967, would, retroactive to the first municipal pension payment in 1989, grant or increase a special ad hoc postretirement adjustment to retired municipal police officers and firefighters who began receiving retirement pay before January 1, 1985, as follows:

Grant a \$25 a month adjustment to retired public safety officers who retired in 1984;

Increase the adjustment from \$25 a month to \$75 a month to retired public safety officers who retired in 1979 and 1980;

Increase the adjustment from \$50 a month to \$75 a month to totally disabled retired public safety officers who retired in 1979 and 1980; and

Increase the adjustment from \$75 a month to \$150 a month to retired public safety officers who retired in 1969 and 1970.

The money to pay for these additional retiree adjustments would continue to come from the proceeds of the premium tax on casualty insurance sold by out of state insurance companies that would otherwise be allocated as General Municipal Pension System State Aid.

In addition, the bill would, retroactive to the first payment of a municipal pension in 1989, grant a special ad hoc postretirement adjustment to survivors of municipal police officers and firefighters paid for, in part, out of the General Fund, as follows:

Grant a \$25 a month adjustment to a survivor where the deceased public safety officer retired in 1981, 1982, 1983, or 1984;

Grant a \$50 a month adjustment to a survivor where the deceased public safety officer was totally disabled and retired after December 31, 1980, and before January 1, 1985;

Grant a \$75 a month adjustment to a survivor where the deceased public safety officer retired after December 31, 1970, and before January 1, 1981; and

Grant a \$150 a month adjustment to a survivor where the deceased public safety officer retired before January 1, 1971.

The bill specifies that the money to pay for the first year of the survivor adjustments shall come from the Commonwealth's General Fund, and the money to pay for succeeding years of the survivor adjustments shall come from two sources. The first source will be small but increasing amounts of foreign casualty insurance tax proceeds equal to the decreases in the monies needed to fund the retiree adjustments. These monies would otherwise have been reverted to the General Municipal Pension System State Aid Program. The remainder of the funding required for the survivor adjustments will come from the Commonwealth's General Fund.

Except for the 15-year Supplemental State Assistance Program to aid financially severely distressed municipal employee retirement systems participating in the Recovery Program for Financially Distressed Municipal Pension Systems, the Commonwealth's General Fund has not previously been used to pay for retirement benefits for retired local government employees and their survivors. This Supplemental State Assistance Program was established as part of the public employee retirement system reforms contained in the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984). Supplemental State Assistance will be \$8,909,085.15 in 1992.

From the adoption of the 1874 Constitution of Pennsylvania, the Constitution had prohibited enactment of legislation giving extra compensation to any public officer, servant, or employee after that individual's services have been rendered. The Supreme Court of Pennsylvania interpreted this section to hold unconstitutional legislation granting increases in retirement pay to already retired public employees, and in a 1955 opinion, the Attorney General of Pennsylvania reached the same conclusion. In response to these readings, the Constitution was amended in 1955 specifically to permit increases in retirement allowances or pensions for members of Pennsylvania public employee retirement or pension systems after the termination of the services of these members.

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DISCUSSION (Cont'd)

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Since the 1955 amendment became effective, the General Assembly and Governor have enacted a number of statutes requiring or permitting special ad hoc retirement adjustments in the retirement pay of retired public employees. None of these statutes, however, have granted an increase in the benefits paid to the surviving spouses of deceased, retired public employees.

A proposal to amend section 26 of article 3 to permit enactment of legislation increasing retirement benefits or pension of the surviving spouses of public employees after the termination of the public services of these employees was submitted to the electors at the municipal election on November 3, 1981, and was rejected. In its 1984 report on post retirement adjustments to the General Assembly and the Governor, the Commission pointed out that conventional wisdom has interpreted section 26 of article 3 to the Constitution as prohibiting the payment of post retirement increases in public employee retirement system benefits to the survivors of retired public employees.

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SUMMARY OF ACTUARIAL COST IMPACT

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**Postretirement Adjustments to Retired Municipal Public Safety Officers**

	<u>Amount</u>			
Increase in Unfunded Actuarial Accrued Liability	\$ 17,000,000			
	<u>Amount</u>			
Increase in Employer Annual Costs				
Normal Cost	\$ 0			
Amortization Payment (10 years, level amount)	<u>2,400,000</u>			
Total Increase in Employer Annual Costs	\$ 2,400,000			
		<u>First Year *</u>	<u>Second Year</u>	<u>Third Year</u>
Commonwealth Foreign Casualty				
Insurance Premium Tax				
Reimbursements	\$ 7,000,000	\$ 1,662,500	\$ 1,575,000	

**Postretirement Adjustments to  
Survivors of Retired Municipal Public Safety Officers**

	<u>Amount</u>			
Increase in Unfunded Actuarial Accrued Liability	\$55,000,000			
	<u>Amount</u>			
Increase in Employer Annual Costs				
Normal Cost	\$ 0			
Amortization Payment (10 years, level amount)	<u>7,700,000</u>			
Total Increase in Employer Annual Costs	\$ 7,700,000			

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SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

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**Postretirement Adjustments to  
Survivors of Retired Municipal Public Safety Officers  
(Cont'd)**

	<u>First Year*</u>	<u>Second Year</u>	<u>Third Year</u>
Commonwealth General Fund Reimbursements	\$21,000,000	\$ 4,473,150	\$ 3,696,300
Commonwealth Foreign Casualty Insurance Premium Tax Reimbursements	0	514,350	1,028,700
Total Reimbursements	\$21,000,000	\$ 4,987,500	\$ 4,725,000

**Aggregate Impact of Senate Bill 898**

	<u>Amount</u>
Increase in Unfunded Actuarial Accrued Liabilities	<b>\$72,000,000</b>

	<u>Amount</u>
Increase in Employer Annual Costs	
Normal Cost	\$ 0
Amortization Payment (10 years, level amount)	<u>10,100,000</u>
Total Increase in Employer Annual Costs	<b>\$10,100,000</b>

	<u>First Year*</u>	<u>Second Year</u>	<u>Third Year</u>
Commonwealth Reimbursements from General Fund	\$21,000,000	\$ 4,473,150	\$ 3,696,300
from Foreign Casualty Insurance Premium Tax	<u>7,000,000</u>	<u>2,176,850</u>	<u>2,603,700</u>
Total Commonwealth Reimbursements	<b>\$28,000,000</b>	<b>\$ 6,650,000</b>	<b>\$ 6,300,000</b>

*\* Reimbursement for 4 Years of Retiree and Survivor Adjustments.*

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POLICY CONSIDERATIONS

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

Benefit Design Targets Greatest Need. The design of the benefit increase proposed in the bill targets the most assistance to those benefit recipients who have experienced the greatest erosion in benefit adequacy.

Commonwealth Mandates to Local Governments. The bill mandates benefit increases for certain municipal retirement systems. The appropriateness of Commonwealth mandated benefit increases is open to question.

General Fund Financing of Municipal Retirement Systems. The Commonwealth's General Fund has not previously had direct financial involvement in financing benefit increases in municipal employee retirement systems.

Survivor Benefit Amount. Most public employee pension plans either provide a standard benefit to retirees and a reduced benefit to survivors or provide a uniform reduced benefit to both retirees and survivors. The bill would provide the same full benefit to survivors as received by retirees.

Equity Among Municipal Employees. The bill is limited in application to retired municipal police officers and firefighters and survivors of municipal police officers and firefighters. There is limited policy rationale for the Commonwealth to distinguish between municipal public safety employees and other municipal employees in mandating postretirement benefit increases and in providing substantial Commonwealth funding to finance the benefit increases.

Constitutional Conflict. In its 1984 report on postretirement adjustments to the General Assembly and the Governor, the Commission pointed out that conventional wisdom has interpreted section 26 of article 3 of the Constitution 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 require increases in the benefits paid to survivors of retirees, it may be unconstitutional.

Retroactive Effective Date.

**Four Years of Reimbursements in One.** Making the bill retroactive means that the reimbursements from the Commonwealth paid in 1993 will have to cover the retroactive payments made in 1992 for 1989, 1990, 1991, and 1992 as well as the regular adjustments paid in the remainder of 1992, a total of four years. This will mean not only a General Fund appropriation at least four times greater than would be necessary in subsequent years but also that the amount available for General Municipal Pension System State Aid to municipalities in 1993 will be substantially reduced.

**Drafting Ambiguity.** In section 3, the bill is not clear as to which year is the "first year" for purposes of calculating the General Fund reimbursement amounts. To avoid problems of statutory interpretation, the bill should specify what year is the first year.

Definition of Survivor. The bill defines a survivor as an individual who is the survivor of a public safety officer and who is receiving a survivor benefit from a public employee retirement system. This leaves the ultimate definition of survivor to the municipal pension plan. Presumably, most of these survivors are surviving spouses or surviving minor children. If it is the intent of the sponsors to limit this benefit to surviving spouses and surviving minor children, the definition should be amended to clarify that intent.

Potential Reduction of State Pension Aid. The proposal would result in a substantial reduction in the foreign casualty insurance premium tax receipts that would be available through the General Municipal Pension System State Aid to municipalities to offset their employee pension costs.

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**COMMISSION RECOMMENDATION**

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On April 22, 1992, 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 particular concern about the issues of Commonwealth mandates to local governments, equity among municipal employees, and constitutional conflict.

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**FINAL LEGISLATIVE STATUS**

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Senate Bill 898, Printer's Number 967, was re-referred to the Senate Appropriations Committee on April 6, 1992.

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**Bill ID:** Senate Bill 1787, Printer's Number 2277

**System:** Second Class (Allegheny) County Employees' Retirement System

**Subject:** Expansion of Special Public Safety Employee Benefit Coverage

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**SYNOPSIS**

Senate Bill 1787, Printer's Number 2277, would amend section 1710(b) of the Second Class County Code to permit an Allegheny County prison guard voluntarily to retire and receive a full retirement allowance at age 55 or older with 20 or more years of service.

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**DISCUSSION**

Article 17 of the Second Class County Code provides the pension plan for all employees of Allegheny County. The pension plan provisions for the employees of all other Pennsylvania counties (except Philadelphia) are contained in the County Pension Law.

For the various types of public safety employees who are employed by Allegheny County, special retirement benefit coverage is provided through the county employees' pension plan. The special coverage provided to police officers and firefighters is to voluntarily retire and receive a normal retirement benefit if the employee has attained age 50 and has at least 20 years of service. The special coverage provided to sheriffs and deputy sheriffs is to voluntarily retire and receive a normal retirement benefit if the employee has attained age 55 and has at least 20 years of service. The regular coverage provided to all other employees is to voluntarily retire and receive a normal retirement benefit if the employee has attained age 60 and has at least 20 years of service.

It is common practice in public employee pension plans to provide special retirement coverage for various types of public safety employees. The special treatment beyond the pension plan treatment applicable to general employees can include a number of items, including an earlier age for retirement with a retirement benefit unreduced for early retirement, a greater annual retirement benefit accrual rate leading to a greater replacement of average salary with shorter service, or enhanced disability benefit or survivor coverage. The special treatment for public safety employees is premised on the need to maintain an exceptionally vigorous and able public safety employee workforce.

The proposed legislation provides for expansion of the group of Allegheny county employees entitled to special retirement benefits. The Allegheny county employees to be newly included in the special public safety employee benefit coverage are prison guards. The special coverage to be provided permits prison guards to voluntarily retire and receive a normal retirement benefit after attaining age 55 with at least 20 years of service.

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**SUMMARY OF ACTUARIAL COST IMPACT**

The method used by the Allegheny County Employees' Retirement System to determine its annual funding requirement is unique to the system. For purposes of comparison, the Commission's consulting actuary used the entry age normal actuarial cost method, which is the method statutorily required to be used by all municipal employee retirement systems, the Public School Employees' Retirement System, and the State Employees' Retirement System. The increase in un-

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SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

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funded actuarial accrued liability data presented below will be the actual impact on the county. The increase in employer annual cost data presented below will not be the actual impact on the county, however, because the annual funding requirements of the Allegheny County Employees' Retirement System are not determined by the entry age normal actuarial cost method. Rather than increasing the county's contribution to the retirement system for the next 20 years as amortization payments to fund the unfunded actuarial accrued liability as a municipality would have to do, the county and the county employes will continue current contributions and extend the date on which the system is projected to be fully funded.

	<u>Amount</u>	
	<u>Amount</u>	<u>As % of Payroll</u>
Increase in Unfunded Actuarial Accrued Liability	\$ 2,600,000	
Increase in Employer Annual Costs		
Normal Cost	\$ 182,000	2.21%
<u>Amortization Payment (20 years, level amount)</u>	<u>237,000</u>	<u>2.88</u>
Total Increase in Employer Annual Costs	\$ 419,000	5.09%

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POLICY CONSIDERATIONS

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

Appropriateness of Special Benefit Coverage. Special public safety employee retirement benefit coverage typically is provided for employees who work in areas where it is necessary to maintain an exceptionally able and vigorous workforce. The bill would extend this public safety employee retirement benefit coverage to the prison guards of Allegheny County. The question of whether the special benefit coverage is warranted for this group of employees should be considered.

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COMMISSION RECOMMENDATION

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On October 1, 1992, 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.

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FINAL LEGISLATIVE STATUS

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Senate Bill 1787, Printer's Number 2277, was signed into law by the Governor on December 4, 1992, as Act 121 of 1992.

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**Bill ID:** Senate Bill 1790, Printer's Number 2503

**System:** Public School Employees' Retirement System

**Subject:** Additional Ten Percent Service Credit Early Retirement Incentive

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**SYNOPSIS**

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Senate Bill 1790, Printer's Number 2503, would amend the Public School Employees' Retirement Code to permit certain active members of the Public School Employees' Retirement System (PSERS) who will be 55 or older and have ten or more years of service on August 31, 1993, who, prior to April 1, 1993, declare their intent to retire, and who retire after June 30, 1993, and before September 1, 1993, to receive credit for an additional ten percent of their service without paying any additional member contributions. The bill also provides that the extra ten percent service credit shall be forfeited in the event an annuitant who has received this retirement incentive returns to school service.

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**DISCUSSION**

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The bill would grant additional service credit equal to ten percent of accrued service credits to the credited service of each eligible PSERS member retiring during the two month period from July 1, 1993, through August 31, 1993. Eligibility for the additional service credit is limited to PSERS members who will be age 55 or older and have ten or more years of service on August 31, 1993, and who, prior to April 1, 1993, declare their intent to retire. The bill applies to about 29,000 PSERS members. The effect of the additional service credit would be to add an amount equal to from two percent to up 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 basis of amounts increasing five percent a year over a 20 year period from the July 1 coincident with or next following the effective date of the bill.

An existing special early retirement provision will expire on June 30, 1993. This existing provision permits a PSERS member with 30 or more years of service to retire at any age and receive full retirement benefits with no benefit reduction for retiring prior to normal retirement age (age 62, or age 60 with 30 years of service, or any age with 35 years of service).

PSERS members currently must have at least 24½ years of service credit to be eligible for the health insurance premium assistance program of \$55.00 a month. Under the bill members who are at least age 55 and have at least 22.3 years of service credit will be eligible for the health insurance premium assistance program in retirement. This additional benefit will provide an added inducement for eligible members to take advantage of the additional ten percent service credit early retirement incentive opportunity.

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**SUMMARY OF ACTUARIAL COST IMPACT**

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The actuarial cost of the PSERS additional service credit early retirement incentive provisions will be dependent on the utilization pattern experienced. The Commission's consulting actuary indicates that the estimates are based upon the experience in the State Employees' Retirement System under Act 23 of 1991 and the PSERS under Act 95 of 1984. The attached actuarial note prepared by the Commission's consulting actuary presents a range of cost estimates based on low,

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SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

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moderate, and high utilization patterns. The estimated net increase in the first year annual cost ranges from \$11 million under the low utilization scenario to \$24 million under the high utilization scenario.

	Low Utilization		Intermediate Utilization		High Utilization	
	Eligible Members %		Eligible Members %		Eligible Members %	
<b>Utilization Rates</b>						
Out of 22,103 eligible members with 10 or more but less than 30 years of service	3,315	15%	5,526	25%	7,736	35%
Out of 6,857 eligible members with 30 or more years of service	2,057	30%	3,086	45%	4,114	60%
Out of 28,960 eligible members with 10 or more years of service	5,372	19%	8,612	30%	11,850	41%
<b>Increase in Unfunded Actuarial Accrued Liability</b>	\$163,000,000		\$254,000,000		\$344,000,000	
<b>Increase in Employer Annual Cost*</b>						
Normal Cost	\$ 0		\$ 0		\$ 0	
Amortization Payment (1st year)	11,000,000		18,000,000		24,000,000	
<b>Total Increase in Employer Cost</b>	<b>\$ 11,000,000</b>		<b>\$ 18,000,000</b>		<b>\$ 24,000,000</b>	
<b>Total Increase in Employer Cost as Percent of Covered Payroll</b>	<b>0.18%</b>		<b>0.28%</b>		<b>0.38%</b>	

\*Paid one-half by the Commonwealth and one-half by the school districts.

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POLICY CONSIDERATIONS

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

Voluntary Retirement. The bill provides a mechanism for voluntary reductions in the work force.

Salary Savings Potential. The economic rationale of the bill is highly dependent on whether the employees induced to retire are replaced. Lower replacement practices will effect salary savings that offset a portion of the actuarial cost of the bill, while higher replacement practices will effect lesser salary savings to offset the actuarial cost of the bill. Although

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POLICY CONSIDERATIONS (Cont'd)

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salary cost savings, if any, will accrue to the Commonwealth and school districts, the salary cost savings will be reduced or eliminated by the amortization cost of the bill and the total salaries and benefits of replaced employees.

Cost Savings Estimates. Estimates of cost savings should be prepared by an actuary. Such estimates are highly dependent upon judgements about such factors as the number of teachers who will retire in the normal course of events without an additional incentive, the difference between the expected retirement age and the induced retirement age, rates at which retiring teachers are replaced, rates of salary progression of teachers, and costs of benefits paid to retirees.

Appropriateness of Early Retirement Incentive in Multiple-Employer System. The Public School Employees' Retirement System is a cost-sharing multiple-employer system serving over 500 employers. A generally applicable early retirement incentive program, including employers where no permanent reduction in the work force is likely or desirable, will increase the costs of the early retirement incentive and reduce the salary savings potential of the bill. An early retirement incentive could be implemented more appropriately and efficiently by those individual employers needing it by means other than increasing the retirement system benefit.

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 program may become entitled to additional supplemental annuities during their extended retired lifetimes.

Bonus vs. Incentive. More than 36 percent of the school district employees eligible to retire during the ten percent service credit early retirement incentive period would be eligible for full retirement benefits without the additional ten percent of credited service. For these employees, the bill provides a bonus for retiring during the period rather than an incentive for retiring early.

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COMMISSION RECOMMENDATION

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On October 1, 1992, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy considerations identified above.

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FINAL LEGISLATIVE STATUS

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As Printer's Number 2640, Senate Bill 1790 was signed into law by the Governor on December 22, 1992, as Act 186 of 1992.

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**Bill ID:** House Bill 106, Printer's Number 2987

**System:** State Employees' Retirement System

**Subject:** Purchase of Service Credit for Nonstate Service in the Peace Corps  
and Multiple Purchases of Credit for Nonintervening Military Service

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**SYNOPSIS**

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House Bill 106, Printer's Number 2987, would amend the State Employees' Retirement Code to:

Authorize the purchase of up to three years of creditable nonstate service credit for service, including training, as a member of the United States Peace Corps, if the total period of service, including training, was at least two years; and

Permit multiple purchases of service credit for nonintervening military service with individual purchases of not less than one year of service credit being limited to one in each 12-month period.

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**DISCUSSION**

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Members of the State Employees' Retirement System (SERS) currently are able to purchase credit for the following types of service: approved leaves of absence without pay; intervening and nonintervening military service; service as public educators in another state or with the federal government; service as a temporary federal employee assigned to a Commonwealth agency; service in a community college under the Community College Act; service in the Cadet Nurse Corps during World War II; service with a government agency other than the Commonwealth where employment was terminated because of the transfer of law of the administration of the service or of the entire agency to the Commonwealth; and service as a justice of the peace prior to 1970.

Created by the Peace Corps Act enacted on September 22, 1961, the Peace Corps provides a body of trained personnel sent by the federal government as volunteers, particularly to underdeveloped nations. The Peace Corps has no "members." It employs regular career civil service employees, high level non civil service employees, and what the Peace Corps Act refers to as "volunteers." Regular career civil service employees are members of one of the federal government retirement systems for civilian employees. Volunteers are not members of any of these retirement systems but may obtain service credit in one of them if, after their volunteer service, they become regular career civil servants of the federal government. For purposes of this Actuarial Note, the Commission assumed that the sponsors of the bill mean volunteers when the bill refers to members.

Peace Corps volunteers normally serve a two year tour of duty. Occasionally, the tour is shortened because of either personal reasons or conditions in the host country. Under certain circumstances, volunteers are permitted to extend their tours for another year.

One of the more common purposes for which authorizations to purchase credit for past service have been provided is to compensate employees for periods of military service that interrupted or delayed the commencement of a career with the public employer. The affected individuals are those who committed a period of their lives to help meet the recognized national need to maintain a prepared military and who later either returned to or became Commonwealth, school district, or

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DISCUSSION (Cont'd)

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local government employees. In order to assure that these individuals are not held at a disadvantage in their employment rights in comparison with those whose services were not provided to meet this compelling national need, the period of military service commonly is permitted to be recognized and credited under the public employee retirement system. As the formulator of national public policy, Congress has required that all employees serving on intervening military service (service that interrupted employment) must be considered as having been on furlough or leave of absence during that time, a policy that the General Assembly also has adopted in the Military Code. In addition to this required credit for intervening military service, the General Assembly has permitted the purchase of nonintervening military service (service completed prior to commencement of employment) in some of the public employee retirement systems in the Commonwealth, including the State Employees' Retirement System. Because the State Employees' Retirement Code already has addressed the issue of purchase of service credits for military service, legislative proposals relating to this issue usually relate to the funding and structuring of this benefit rather than with new authorizations to purchase military service.

Under the State Employees' Retirement Code, an active member or a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System may purchase service credit not exceeding five years for nonintervening military service. In no case is a member permitted to make more than one purchase of nonintervening military service. To purchase this service credit, the member may make one lump sum contribution of the total due, a partial lump sum contribution of at least one-third of the total and pay the rest, with interest, by payroll withholdings over the next one, two, or three years, or make no lump sum contribution and pay the total, with interest, by payroll withholdings over the next one, two, or three years. Thus, under the present statute, the payment period can last as long as three years, while under the proposal in this bill, the payment periods can total as long as 15 years.

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SUMMARY OF ACTUARIAL COST IMPACT

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**Nonintervening Military Service**

The Actuarial Note indicates that, to the extent that the proposed option to make multiple purchases of service credit for nonintervening military service encourages members to commence the purchase of nonintervening military service at an earlier date than would have occurred under the current provisions, the proposed multiple purchase option will serve to reduce the additional unfunded actuarial accrued liabilities generated by such purchases and also improve the accuracy of the annual actuarial valuations and annual contributions to the SERS.

**Peace Corps**

Due to the absence of demographic data on SERS members who are eligible to purchase service credit for Peace Corps service, an exact estimate of the actuarial cost of the proposed provision could not be made. The Actuarial Note presents a range of cost based on the number of members eligible to purchase this service credit. The range is from a low estimate of 55 members to a high estimate of 110 members.

	Low Estimate	High Estimate
Increase in Unfunded Actuarial Accrued Liability	\$500,000	\$1,000,000

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SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

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Increase in Employer Annual Costs

Normal Cost	\$ 0	\$ 0
Amortization Payment (20 years, increasing 5% a year)	<u>40,000</u>	<u>80,000</u>
Total Increase in Employer Annual Costs	\$ 40,000	\$ 80,000

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POLICY CONSIDERATIONS

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

Increased Employee Flexibility and Increased Administrative Complexity. The alternative method of paying for the purchase of service credit for nonintervening military service would offer more flexibility to eligible members with no increase in unfunded actuarial accrued liabilities over the present purchase alternatives. The alternative method, however, would result in increased administrative complexity for the State Employees' Retirement System.

Departure for Policy Guidelines. In June of 1989, the Public Employee Retirement 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 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 conventional 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. In addition, it is extremely difficult to devise a method of financing these purchases that is fair to both the employer and the employees.

Appropriateness of Credit for Peace Corps 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. The federal government permits federal employees with Peace Corps volunteer service to obtain service credit under federal retirement systems for civilian employees. For the federal government, this represents an authorization to obtain credit for prior, previously uncredited, civilian service with the same government. For the Commonwealth, the service credit purchase authorization would represent permission to purchase credit for civilian service with another governmental entity. As such, the provisions represent a new departure in the Commonwealth's public pension policy.

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POLICY CONSIDERATIONS (Cont'd)

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Adequacy of Purchase Payments. The statutory method for calculating the member contributions to purchase service credit for service as volunteers with the Peace Corps will result in the members paying only about 25% to 35% of the full actuarial cost of the increased benefit acquired through the service purchase. This service purchase price will result in an increase in the unfunded actuarial accrued liability of the retirement system and increased amortization payments by the Commonwealth over the amortization period. A service purchase transaction that favors the member at the expense of the retirement system is viewed by the Commission as being appropriate only in cases where necessary for the purpose of equity.

Cost Effectiveness of Technical Provisions. For service purchase authorizations of the Peace Corps service type, the Commission recommended that employees be required to exercise the purchase option within three years of becoming eligible to do so. 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 does not limit the time within which the member must exercise the purchase of Peace Corps service option and does not exclude the purchase payment from Option 4 lump sum withdrawal. This would enable an eligible member 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 both a limitation on the time that the purchase option is available and 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 nonstate service. Draft language to effect this change is attached.

Multiple Purchases. The Commission recommended that a public employee exercising a service purchase option be limited to one exercise of the option applicable to any one period of eligible prior service. Under the State Employees' Code, those purchasing service credit for nonintervening military service now are limited to one exercise of the option. Any authorization to make an initial purchase of less than the full amount of eligible prior service while retaining eligibility to purchase the remaining portion in the future represents a deferral in the completion of the purchase transaction. The general actuarial rule concerning purchasing credit for prior service is that as the employee making the purchase grows older and is more certain of receiving a retirement benefit the liability associated with the purchase increases. With adequate notice concerning the employee's rights and limitation in connection with the purchase of service credit for nonintervening military service, a requirement that the purchase be completed as a single transaction does not represent an undue burden on the employee.

Need for Clarifying Amendments. The bill should be amended to clarify that it is service as a volunteer with the Peace Corps for which members of the SERS will be eligible to purchase service credit.

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COMMISSION RECOMMENDATION

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On March 11, 1992, 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.

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**FINAL LEGISLATIVE STATUS**

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House Bill 106, Printer's Number 2987, was re-committed to the House Appropriations Committee on February 3, 1992.

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**Bill ID:** House Bill 994, Printer's Number 3064

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

**Subject:** Adding Retiree to Retirement System Board, Permitting  
Cost-of-Living Adjustments for Retirees, and Permitting  
Former Members Transferred to Water Authorities to  
Retain Memberships

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**SYNOPSIS**

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House Bill 994, Printer's Number 3064, 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 by adding a retired city employee chosen by the association of retired city employees, where such an association exists, or chosen by an election of the retired members, where no such association exists;

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; and

Permit employees of a municipal water authority created by a city of the third class and commencing operation after September 30, 1991, who formerly were employees of the city, to elect to retain their memberships in the city retirement system.

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**DISCUSSION**

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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 add to this retirement board a retired city employee chosen by the association of retired city employees, where such an association exists, or chosen by an election of the retired members, where no such association exists.

A postretirement 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. Postretirement 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 optional retirement system

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DISCUSSION (Cont'd)

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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.

The retention of membership provision apparently is intended to accommodate the special case of the City of Erie, which wishes to create a municipal water authority and sell the city's water system to the authority. According to the city's management, in order for the Public Utility Commission to grant the city's petition to abandon its water system by sale to the authority, the authority must be an operating authority, and in order to be an operating authority, the authority must have employees. Accordingly, about 140 employees of the city's water system will be transferred to the authority.

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SUMMARY OF ACTUARIAL COST IMPACT

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The actuarial note indicates that the proposal to increase the membership of the retirement system board has no actuarial implications. The Commission staff has determined that the proposal to permit retention of membership has no actuarial costs.

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 cost-of-living adjustment, the long-range 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
<b>100% CPI COLA</b>					
<b>Ad Hoc Past COLA Only</b>					
10 Year Level Dollar-UAAL*	1.4%	3.1%	9.8%	3.2%	14.0%
<b>Future COLA</b>					
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%
<b>Total Increase in Annual Cost</b>	<b>15.5%</b>	<b>19.7%</b>	<b>26.4%</b>	<b>10.5%</b>	<b>30.3%</b>

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

	50% CPI COLA				
<b>Ad Hoc Past COLA Only</b>					
10 Year Level Dollar-UAAL*	0.7%	1.4%	4.2%	1.3%	5.7%
<b>Future COLA</b>					
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%
<b>Total Increase in Annual Cost</b>	<b>6.7%</b>	<b>8.6%</b>	<b>10.9%</b>	<b>4.4%</b>	<b>10.9%</b>

\*Unfunded Actuarial Accrued Liability

POLICY CONSIDERATIONS

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

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.

Uniformity and Equity of Pension Benefits. As similar postretirement adjustment 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 of 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.

Permissive Legislation. The postretirement cost-of-living adjustment 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.

Rights of Transferred Employees. In the case of a transfer of governmental function such as Erie's, the Commission supports the concept that equity or fairness requires that the employees' prior service with the city should be recognized as the equivalent of service with the authority by giving prior service credit in the authority's retirement system. One way to do this is by permitting the employees to remain in the city's retirement system with the authority making all future employer contributions. In this instance, the change in employment is beyond the discretion of the employee, and there has been no fundamental change in the nature of duties, lines of supervision, standards of performance, or basis for compensation. Appropriately, the bill makes it clear that the city's former employees will be able to remain in the city's retirement system for nonuniformed employees and, therefore, suffer no loss or diminishment of pension benefits.

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POLICY CONSIDERATIONS (Cont'd)

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Uniformity and Equity in Commonwealth Aid. The bill represents a special exception to the General Assembly's public policy decision to exclude authority employees from consideration in the allocation of General Municipal Pension System State Aid (GMPSSA). The only authority employees eligible for GMPSSA would be the select group included by virtue of the proposed amendment. All other authorities and their employees would continue to bear the full cost of their retirement systems without any offsetting intergovernmental revenue from the General Municipal Pension System State Aid Program.

Loss of State Shared Revenue. If the City of Erie transfers about 140 employees of its water system to the authority, this transfer will cause the city to lose approximately \$350,000 in General Municipal Pension System State Aid (GMPSSA) unless existing law is changed to provide for the authority's employees to be treated as city employees for purposes of allocating GMPSSA.

Funding Status of Erie's Municipal Employee Retirement Systems. The funding ratios of Erie's retirement systems are as follows:

Police Officers	-	10%
Firefighters	-	16%
Nonuniformed Employees	-	37%

A fund ratio represents a system's assets expressed as a percentage of its accrued liabilities. Under normal circumstances, fund ratios should be in the range of 50% to 150%. In addition, Erie has been receiving Supplemental State Assistance Aid as a financially distressed municipality under the Municipal Pension Plan Funding Standard and Recovery Act's Financially Distressed Municipal Pension System Recovery Program, and Erie received the third highest (worst) distress score for the municipalities eligible for Supplemental State Assistance Aid in 1991.

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COMMISSION RECOMMENDATION

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On March 11, 1992, 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.

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FINAL LEGISLATIVE STATUS

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As Printer's Number 3635, House Bill 994 was signed into law by the Governor on June 11, 1992, as Act 49 of 1992.

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**Bill ID:** House Bill 1069, Printer's Number 1212

**System:** Pittsburgh Nonuniformed Employees' Retirement System

**Subject:** Elimination of Social Security Offset Provisions

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SYNOPSIS

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House Bill 1069, Printer's Number 1212, would amend the 1975 act that supplemented the Second Class City [Pittsburgh Nonuniformed] Employee Pension Law of 1915 to repeal the provisions relating to the reduction in the pension benefit at age 65 by 50% of the Social Security benefit for members employed after December 31, 1974.

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DISCUSSION

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The City of Pittsburgh Municipal Pension Fund has three different tiers of benefits for nonuniformed employees depending upon the employee's date of employment.

Employees who were members of the system before January 1, 1975, contribute 5% of pay. If the three-year average pay is less than \$450, the retirement allowance is equal to 60% of such pay, but not less than \$130. If the three-year average pay is \$450 or more, the retirement allowance is equal to 55% of the first \$650 of this pay plus 30% of the excess, but not less than \$270. In addition, they receive a service increment of 1% of the three-year average pay for each year of service in excess of 20, limited to a maximum of \$100 a month, and retired members and their spouses eligible for Medicare Part B medical coverage receive an additional monthly payment equal to the premium of such coverage.

Employees who became members after December 31, 1974, and before January 1, 1988, contribute 5% of pay and receive a retirement allowance of 50% of three-year average pay, reduced at age 65 by 50% of the Social Security benefit. In addition, they receive a service increment of 1% of the three-year average pay for each year of service in excess of 20, limited to a maximum of \$100 a month, and retired members and their spouses eligible for Medicare Part B medical coverage receive an additional monthly payment equal to the premium of such coverage.

Employees who became members after December 31, 1987, contribute 4% of pay and receive a retirement allowance of 50% of the four-year average pay, reduced at age 65 by 50% of the Social Security benefit. In addition, they receive a service increment of 1% of the four-year average pay for each year of service in excess of 20, limited to a maximum of \$100 a month, but retired members and their spouses are not eligible for the Medicare Part B medical coverage.

All three tiers of benefits are prorated for service of less than 20 years. House Bill 1069, Printer's Number 1212, would make a major change in these benefits for those members employed after December 31, 1974, by eliminating the 50% Social Security offset at age 65. The projected retirement benefit for the affected members would increase by 47%.

Every municipality with employees participating in the old age, survivor, and disability provisions of Social Security already is paying for a retirement system for its employees. By combining its public employee pension plan with Social Security, the municipality, in effect, makes its plan part

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DISCUSSION (Cont'd)

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of one overall program that combines both Social Security and the public employee retirement system. In the case of offset plans such as Pittsburgh's, the public employee pension plan provides that each member's benefit is reduced by or "offset" by an amount specified by a formula in the plan. In Pittsburgh's case the full retirement allowance is paid to retirees until they reach the age of 65, when they are entitled to an unreduced Social Security benefit. At that time, the full retirement allowance is reduced by one-half of the Social Security benefit.

The Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984) 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 Pittsburgh elected to participate in the Recovery Program for Financially Distressed Municipal Pension Plans established by the Act. The Public Employee Retirement 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. The amount of assistance is directly related to the degree of financial distress in the individual municipal retirement system. In 1991, the City of Pittsburgh received \$659,830.25, the third highest allocation of the seventeen made to municipalities participating in the Supplemental State Assistance Program.

On January 1, 1989, the actuarial values of assets as percentages of the actuarial accrued liabilities (fund ratios) of the city's employee retirement systems were as follows: Police Officers - 3.75%; Firefighters - 4.13%; and Nonuniformed Employees - 29.61%. A fund ratio of less than 50% is generally considered to be reason for concern. For the city's nonuniformed employee retirement system, the 29.61% fund ratio means that only \$29.61 of assets existed for every \$100 of liabilities. The actuarial valuation reports filed with the Public Employee Retirement Commission by the City of Pittsburgh indicate that the total unfunded actuarial accrued liabilities of the city's retirement systems exceeded \$473 million as of January 1, 1989.

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SUMMARY OF ACTUARIAL COST IMPACT

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	<u>Amount</u>	
	<u>Amount</u>	<u>As % of Payroll</u>
Increase in Unfunded Actuarial Accrued Liability	\$9,610,538	
Increase in Employer Annual Costs		
Normal Cost	\$ 924,726	1.29%
Amortization Payment (20 years, level amount)	<u>921,141</u>	<u>1.28%</u>
Total Increase in Employer Annual Costs	\$1,845,867	2.57%

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POLICY CONSIDERATIONS

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

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POLICY CONSIDERATIONS (Cont'd)

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Absence of Cost Sharing and Inequality of Employee Contributions. The elimination of the reduction in the pension benefit at age 65 by 50% of the Social Security benefit for nonuniformed employees employed after December 31, 1974, would provide substantially increased benefits to the affected employees without any change in employee contributions. Since members employed after December 31, 1987, already contribute less than those employed before January 1, 1975, members of the retirement system would be contributing at different rates while receiving comparable benefits.

Financially Distressed Retirement Systems. The public employee retirement systems of the City of Pittsburgh 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 repeal the provisions relating to the reduction in the pension benefit at age 65 by 50% of the Social Security benefit for nonuniformed employees employed after December 31, 1974, is warranted in view of the potentially large increase in the already substantial unfunded actuarial accrued liabilities of the city's retirement systems.

Aggressive Actuarial Assumptions. The difference between the system's actuarial assumption as to interest or investment earnings (8¼%) and the system's actuarial assumption as to salary projection (5%) is 3¼%. A maximum difference of 3% is recommended for local government retirement systems by the Commission. If the system's long term results do not meet its more aggressive assumptions, the cost to the city of the proposed change to repeal the provisions relating to the reduction in the pension benefit at age 65 by 50% of the Social Security benefit for nonuniformed employees employed after December 31, 1974, will be higher than estimated by the system's consulting actuary.

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COMMISSION RECOMMENDATION

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On March 11, 1992, 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 proposal's potential to increase the distress of the City's pension system.

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FINAL LEGISLATIVE STATUS

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House Bill 1069, Printer's Number 1212, was re-committed to the House Appropriations Committee on October 15, 1991.

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**Bill ID:** House Bill 1689, Printer's Number 3973

**System:** State Employees' Retirement System

**Subject:** Authorization to Purchase Credit for Local Government Service

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**SYNOPSIS**

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House Bill 1689, Printer's Number 3973, would amend the State Employees' Retirement Code to permit active members of the State Employees' Retirement System to purchase up to five years of nonstate service credit for service with a local government association, borough, city, county, incorporated town, or township at the rate of one year of service credit for every three years, or major fraction thereof, of municipal service.

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**DISCUSSION**

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The Commonwealth's defined benefit pension plan has a retirement benefit based on a pre-determined formula that is a function of the final average salary and years of credited service. Eligibility requirements for receiving full benefits under the plan are based on the attainment of a specified age and the crediting of a specified number of years of service. The number of years of credited service has a direct impact on the benefit amount for both regular and early retirement. Public employee defined benefit pension plan provisions that permit members to receive credit for service with another employer are of value to members because they enhance the retirement benefit or accelerate retirement eligibility or both.

Members of the State Employees' Retirement System (SERS) currently are able to purchase credit for the following types of service: approved leaves of absence without pay; intervening and nonintervening military service; service as public educators in another state or with the federal government; service as a temporary federal employee assigned to a Commonwealth agency; service in a community college under the Community College Act; service in the Cadet Nurse Corps during World War II; service with a government agency other than the Commonwealth where employment was terminated because of the transfer by law of the administration of the service or of the entire agency to the Commonwealth; and service as a justice of the peace prior to 1970.

The definitions of municipal government association and municipality proposed for inclusion in section 5102 are not parallel. Townships of the second class are included among municipalities but their municipal association is excluded from the definition of municipal government association while the municipal association of municipal authorities is included among municipal government associations but municipal authorities are excluded from the definition of municipality. In addition, the pre 1975 status of counties and county service is not clear from the proposed definition of municipality.

Read literally, proposed section 5505(h) would prohibit any active SERS member from purchasing this service if the member is eligible to receive any other pension system annuity except for social security and military pensions. Based upon existing purchase of service provisions in the State Employees' Retirement Code, it is probable that only members eligible to receive any other annuity on account of the previous municipal employment are intended to be ineligible to purchase service credit in SERS for the municipal service.

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DISCUSSION (Cont'd)

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To purchase the service credit, an eligible SERS member would have to exercise the option within three years of becoming eligible to do so and contribute the present value of the full actuarial cost of the increase in the projected superannuation annuity attributable to the purchase. The contribution could not later be withdrawn under Option 4.

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SUMMARY OF ACTUARIAL COST IMPACT

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Due to the absence of demographic data on the SERS members who are eligible to purchase this service credit, an exact estimate of the actuarial cost of the bill cannot be made. However, two cost results are probable:

Direct Costs. Because SERS members who purchase this service credit will pay the present value of the full actuarial cost of the increase in the projected superannuation annuity attributable to the purchase, there should be no direct actuarial cost.

Indirect Costs. Because service credit is a prerequisite for other retirement benefits such as early retirement options and Commonwealth fully paid post retirement medical benefits, the additional service credit purchased under the proposal will both increase the number of SERS members eligible for such benefits and reduce the period before they become eligible for these benefits. Both increased eligibility and reduced periods will increase both SERS and non SERS retirement benefit costs.

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POLICY CONSIDERATIONS

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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 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 conventional rule of a public employee retirement system as an employment-related benefit maintained principally in the interest of those devoting a substantial career to service for the public employer. 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 Municipal 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. For the Commonwealth, the service credit purchase authorization would represent permission to purchase credit for civilian service with

an association of other governmental entities or another governmental entity. As such, the provisions represent a new departure in the Commonwealth's public pension policy.

Precedent for Similar In State and Out of State Requests. The bill may serve as a precedent for Commonwealth employees with previous similar municipal service in Pennsylvania municipal authorities or with previous similar municipal service in other states to request the option to purchase service credit for that service.

Propriety of Credit for Private Sector Service. Heretofore SERS members only could purchase credit for certain service with certain government entities. A local government association is a not for profit private sector entity that does not perform a direct public service. Authorizing purchase of credit for service with such an entity may not be appropriate.

Need for Clarifying Amendments. The bill contains a number of drafting ambiguities.

*Conflicts Between Definitions of Municipal Government Association and of Municipality.*

Either the proposed definition of municipal government association should be changed to include the Pennsylvania Association of Township Supervisors or the definition of municipality should be changed to exclude townships of the second class.

Either the proposed definition of municipal government association should be changed to exclude the Pennsylvania Municipal Authorities Association or the definition of municipality should be changed to include municipal authorities.

*Definition of Municipality.* The definition of municipality should be changed to clarify whether members are authorized to purchase credit for service with a county before January 1, 1975.

*Eligible Members.* The proposed limitation on eligibility to purchase this creditable service in proposed section 5304(c)(9) refers to "within three years of the MUNICIPAL employees' eligibility." Since this purchase of service authorization is limited to members of the State Employees' Retirement System, either the adjective "municipal" should be deleted or modified by the adjective "former."

*Limitations on Eligibility.* Section 5304(b) already places limitations on eligibility for creditable nonstate service to prevent receiving two pensions for the same service (with the exception of certain service with the armed forces). There is, therefore, no need for the last sentence in proposed section 5304(c)(9), and it should be deleted from the bill.

Retirement Benefit Portability. The bill represents a limited means to provide partial intergovernmental portability of retirement benefits among the over 2,600 public employee retirement systems in the Commonwealth. The Commission expects to release a special report on the current structure of local government retirement systems in the near future. This report will include recommendations to deal with the portability problem in a comprehensive manner.

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**COMMISSION RECOMMENDATION**

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On November 10, 1992, 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.

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**FINAL LEGISLATIVE STATUS**

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House Bill 1689, Printer's Number 3973, was re-committed to the House Appropriations Committee on September 30, 1992.

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**Bill ID:** House Bill 2111, Printer's Number 2640

**System:** State Employees' Retirement System

**Subject:** Multiple Purchases of Credit for Nonintervening Military Service

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**SYNOPSIS**

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House Bill 2111, Printer's Number 2640, would amend the State Employees' Retirement Code to permit multiple purchases of service credit for nonintervening military service with individual purchases of not less than one year of service credit being limited to one in each 12-month period.

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**DISCUSSION**

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One of the more common purposes for which authorizations to purchase credit for past service have been provided is to compensate employees for periods of military service that interrupted or delayed the commencement of a career with the public employer. The affected individuals are those who committed a period of their lives to help meet the recognized national need to maintain a prepared military and who later either returned to service as or became Commonwealth, school district, or local government employees. In order to assure that these individuals are not held at a disadvantage in their employment rights in comparison with those whose service was not provided to meet this compelling national need, the period of military service commonly is permitted to be recognized and credited under public employee retirement systems. As the formulator of national public policy, Congress has required that all employees serving on intervening military service (service that interrupted employment) must be considered as having been on furlough or leave of absence during that time, a policy that the General Assembly also has adopted in the Military Code. In addition to this required credit for intervening military service, the General Assembly has permitted the purchase of nonintervening military service (service completed prior to commencement of employment) in some of the public employee retirement systems in the Commonwealth, including the State Employees' Retirement System. Because the State Employees' Retirement Code already has addressed the issue of purchase of service credits for military service, legislative proposals relating to this issue usually relate to the funding and structuring of this benefit rather than with new authorizations to purchase military service.

Under the State Employees' Retirement Code, an active member or a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System may purchase service credit not exceeding five years for nonintervening military service. In no case is a member permitted to make more than one purchase of nonintervening military service. To purchase this service credit, the member may make one lump sum contribution of the total due, a partial lump sum contribution of at least one-third of the total and pay the rest, with interest, by payroll withholdings over the next, one, two or three years, or make no lump sum contribution and pay the total, with interest, by payroll withholdings over the next one, two, or three years. Thus, under the present statutory provisions, the payment period can last as long as three years, while under the proposal in the bill, the payment periods can total as long as 15 years.

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**SUMMARY OF ACTUARIAL COST IMPACT**

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The attached actuarial note on House Bill 106, Printer's Number 2987, which contains an identical proposal, indicates that, to the extent that the proposed option to make multiple purchases of service credit for nonintervening military service encourages members to commence the purchase

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SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

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of nonintervening military service at an earlier date than would have occurred under the current provisions, the proposed multiple purchase option will serve to reduce the additional unfunded actuarial accrued liabilities generated by such purchases and also improve the accuracy of the annual actuarial valuations and annual contributions to the State Employees' Retirement System.

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POLICY CONSIDERATIONS

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

Increased Employee Flexibility. The proposed method of paying for the purchase of service credit for nonintervening military service would offer more flexibility to eligible members with no increase in unfunded actuarial accrued liabilities over the present purchase method.

Increased Administrative Complexity. The proposed method of paying for the purchase of service credit for nonintervening military service would result in increased administrative complexity for the State Employees' Retirement System.

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.

**Multiple Purchases.** The Commission recommended that a public employee exercising a service purchase option be limited to one exercise of the option applicable to any one period of eligible prior service. Under the State Employees' Retirement Code, members purchasing service credit for nonintervening military service now are limited to one exercise of the option. Any authorization to make an initial purchase of less than the full amount of eligible prior service while retaining eligibility to purchase the remaining portion in the future represents a deferral in the completion of the purchase transaction. The general actuarial rule concerning purchasing credit for prior service is that as the employee making the purchase grows older and is more certain of receiving a retirement benefit, the liability associated with the purchase increases. With adequate notice concerning the employee's rights and limitations in connection with the purchase of service credit for nonintervening military service, a requirement that the purchase be completed as a single transaction does not represent an undue burden on the employee.

Need for Clarifying Amendment. To prevent administrative and statutory interpretation problems and to carry out the intent of the bill to permit multiple purchases of service credit for nonintervening military service, section 5304(e) also should be amended to repeal the statutory limit of only one purchase of such service credit. Draft language to effect this change is attached.

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COMMISSION RECOMMENDATION

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On June 17, 1992, 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.

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FINAL LEGISLATIVE STATUS

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House Bill 2111, Printer's Number 2640, was re-committed to the House Appropriations Committee on May 12, 1992.

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**Bill ID:** House Bill 2208, Printer's Number 2770  
House Bill 2208, Printer's Number 2770, with Amendment 3491

**System:** All Municipal Police Officers' and Firefighters' Retirement Systems

**Subject:** Additional Ad Hoc Postretirement Adjustments

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**SYNOPSIS**

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House Bill 2208, Printer's Number 2770, would amend the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act by 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.

House Bill 2208, Printer's Number 2770, with Amendment 3491, would amend the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act by amending section 302(c) to require a reduction in the adjustment under the Act for any subsequent adjustment received from a municipal retirement system only in a municipality where, as of the most recent actuarial valuation prepared under the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984), the actuarial value of aggregated assets as a percentage of the aggregated actuarial accrued liabilities of the municipality's retirement systems is less than 50%.

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**DISCUSSION**

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A postretirement 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. Postretirement 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. The decision to pay a postretirement adjustment generally is made either by the governing body of the retirement system or by the governing body of the governmental entity that established and maintains the public employee retirement system.

In 1988, the General Assembly and the Governor enacted the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act. The Act requires every Pennsylvania municipality that maintains a police officers' or paid firefighters' retirement system that has one or more retired or disabled members to provide a special ad hoc postretirement increase in the pension benefit based on the following formula:

<u>Years on Retirement as of January 1, 1989</u>	<u>Amount of Increase</u>
At least 5 but less than 10	\$ 25 per month
Less than 10 and fully disabled	\$ 50 per month
At least 10 but less than 20	\$ 75 per month
20 or more	\$150 per month

The Act requires that the postretirement adjustments be funded by the applicable municipalities on an actuarial basis with the actual benefit payments reimbursed by the Commonwealth on a pay-

as-you-go basis using a portion of the funds derived from the proceeds of the Commonwealth tax imposed on casualty insurance sold in Pennsylvania by out of state ("foreign") insurance companies, with the remainder of the proceeds continuing to be used for General Municipal Pension System State Aid. In effect, the funding for the program reduces the general state aid available for allocation to municipalities to offset their employee pension costs.

Under section 302(c) of the Act, postretirement adjustments granted in the future by municipalities are to be offset against the special postretirement adjustments imposed by the Act. Section 302(c) reflects the fact that the Commonwealth-mandated postretirement adjustments were enacted in response to situations where no postretirement adjustments were granted by local governments. When local governments enact postretirement adjustments, the provision serves to proportionately reduce the state imposed postretirement adjustments, ultimately resulting in a return to totally locally run public employee retirement systems. Section 302(c) further functions to reduce the funding needed for the Commonwealth reimbursements of the Commonwealth-mandated postretirement adjustment payments more rapidly than otherwise would occur. Section 302(c) also functions to avoid compounding postretirement adjustments provided to retired police officers and firefighters, particularly in those cases where local governments have implemented automatic postretirement adjustments, some of which are at 100% of the increase in the consumer price index. It is section 302(c) that House Bill 2208 would repeal.

The effect of section 302(c) is that any postretirement adjustment granted to a retired police officer or retired firefighter by a municipality after February 12, 1989, reduces the Commonwealth-mandated postretirement adjustment and the Commonwealth reimbursement dollar for dollar. Thus, a retiree receives no pension increase until the municipality has granted postretirement adjustments totalling more than the Commonwealth-mandated postretirement adjustment. The provision provides an incentive for municipalities to not grant postretirement adjustments and an incentive for retirees to lobby the General Assembly for further Commonwealth-mandated postretirement adjustments.

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SUMMARY OF ACTUARIAL COST IMPACT

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Elimination of the postretirement adjustment offset provisions will not have any direct cost. However, the elimination of the offset provisions of section 302(c) of the Act will remove a substantial disincentive for local governments to grant additional postretirement adjustments because the Commonwealth reimbursement for the prior Commonwealth mandated postretirement adjustments will be reduced.

The cost of any ad hoc postretirement adjustment granted will vary substantially from municipality to municipality depending upon the average retirement age, the number of retired members, and the average length of time during which these individuals have been retired. The cost of these adjustments is not presently measurable because the specific provisions for each municipality electing to grant an adjustment have not been adopted. Before adopting any such postretirement adjustment, the chief administrative officer of the municipal employee retirement system must provide a cost estimate to the governing body under section 305 of the Municipal Pension Plan Funding Standard and Recovery Act.

The Commonwealth provides reimbursements to municipalities for the Commonwealth-mandated postretirement adjustment payments. The higher than expected Commonwealth reimbursements in future years will defer full restoration of funding to the General Municipal Pension System State Aid Program. Under the bill, these reimbursements will not be reduced as rapidly as in the past. The history of these payments to date is as follows:

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SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

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1990 Commonwealth Reimbursement	\$8,536,986.96
1991 Commonwealth Reimbursement	\$7,754,888.94
1992 Commonwealth Reimbursement	\$7,366,275.94

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POLICY CONSIDERATIONS

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

Optional Implementation. Elimination of the postretirement adjustment offset provisions will not have any effect until local government governing bodies, after receiving actuarial cost estimates of the proposed changes, adopt ordinances or resolutions granting additional postretirement adjustments.

Return to Local Control. Elimination of section 302(c) will serve as an incentive for municipalities and their employees to deal with postretirement adjustments at the local level through the collective bargaining process. Since the same conditions existed prior to the adoption of the Special Ad Hoc Municipal Police and Firefighter Postretirement Adjustment Act, there is a likelihood, however, that retirees dissatisfied with the results of the collective bargaining process will again lobby the General Assembly for Commonwealth-mandated and funded postretirement adjustments.

Financially Distressed Retirement Systems. About ten percent of the over 335 municipalities that are paying the Commonwealth-mandated postretirement adjustments have retirement systems where, in the aggregate, the actuarial value of assets is less than one-half of the actuarial value of liabilities, which means that the retirement systems have less than fifty cents for every one dollar they owe public employees, retirees, and survivors. By restricting the section 302(c) modifications in the amount of postretirement adjustments to these financially distressed retirement systems, the bill with the proposed amendment retains a disincentive for these systems to increase their unfunded actuarial accrued liabilities to provide postretirement adjustments.

Potential for Compounding Cost-of-Living Adjustments. Section 302(c) functions to avoid compounding cost-of-living adjustments in those cases where local governments implement cost-of-living adjustments, some of which are at 100% of the increase in the consumer price index. Elimination of section 302(c) would permit the simultaneous payment of State and local postretirement adjustments for the same period with no coordination.

Potential Reduction of State Pension Aid. The proposal would result in a reduction in the foreign casualty insurance premium tax receipts that would be available through the General Municipal Pension System State Aid to municipalities to offset their employee pension costs.

Needed Clarification. There is a need to clarify whether the bill is to be retroactively applied to require recalculation of Commonwealth reimbursements to eliminate reductions for postretirement adjustments provided by local governments prior to the effective date of the bill.

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COMMISSION RECOMMENDATION

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On October 1, 1992, the Commission voted to attach the actuarial note to the bill, and the amendment, recommending that the General Assembly and the Governor consider the policy issues identified above.

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FINAL LEGISLATIVE STATUS

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House Bill 2208, Printer's Number 2770, was re-committed to the House Appropriations Committee on March 31, 1992.

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**Bill ID:** House Bill 2288, Printer's Number 2991

**System:** Second Class County Employees' Retirement System

**Subject:** Supplemental Monthly Retirement Benefit for Paid Firefighters

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**SYNOPSIS**

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House Bill 2288, Printer's Number 2991, would amend section 1712 of the Second Class County Code to provide a supplemental monthly retirement benefit of \$28 times the member's full years of service as a paid full-time firefighter employed by a county of the second class (Allegheny County). The supplemental benefit would be payable either as a single life annuity with ten years certain or as a joint and survivor spouse annuity at an actuarially reduced amount.

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**DISCUSSION**

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The Municipal Pension Plan Funding Standard and Recovery Act (Act 205) provides for the distribution of Commonwealth aid to municipalities to help offset the cost of municipal employee pension plans. General Municipal Pension System State Aid (GMPSSA) is derived from the proceeds of Commonwealth-imposed taxes on premiums of casualty and fire insurance policies sold in Pennsylvania by out-of-state companies. The aid is distributed annually to eligible municipalities based on the number of full-time employees participating in municipal retirement systems. A municipality's allocation under the formula may not exceed its total employer pension cost.

Eligible recipients of GMPSSA under Act 205 are boroughs, cities, incorporated towns, and townships maintaining employee pension plans and any county of the second class (Allegheny County) that historically had received allocations of the foreign casualty insurance premium tax for its police officers' pension plan. Counties other than Allegheny and municipal authorities are not eligible to receive GMPSSA. With the exception of Allegheny County, all municipalities receiving GMPSSA are subject to the actuarial reporting requirements and mandatory actuarial funding standard of Act 205.

The inclusion of Allegheny County as an eligible recipient of GMPSSA at the time Act 205 was enacted was an attempt to accommodate a unique, long-standing situation existing with the county's police officers. Allegheny County police officers were covered both by the regular county employee retirement system and by an independent pension fund maintained exclusively for the police officers. For many years, Allegheny County had received allocations of the foreign casualty insurance premium tax that had been entirely committed to financing the independent pension plan for police officers and that had provided the sole source of employer financing for the plan. In order to avoid depriving this plan of its customary source of funding, Act 205 was amended prior to passage to "grandfather" this unique situation and permit Allegheny County to receive Commonwealth aid. Act 205 provided for only the police officer units in Allegheny County to be recognized in the aid formula.

Shortly after the enactment of Act 205, Allegheny County sought and obtained, through an informal agreement with the Department of the Auditor General, approval to use GMPSSA to finance the costs attributable to police officers in the county employee retirement system. Through the voluntary submission of actuarial valuation reports on the independent police pension plan and the voluntary construction and submission of actuarial valuation reports on the police officer component of the county employee retirement system, the aggregate costs for providing retirement

coverage for Allegheny County police officers in both plans have been utilized in the allocation formula for GMPSSA. The Commonwealth aid provided to the county is used to finance both a supplemental pension benefit for police officers and a portion of the costs of the county retirement system. The arrangement with the county initially provided that GMPSSA first be used to cover 100% of the cost of the independent police officer pension plan and that the residual aid be allocated to the county employee retirement system. The current arrangement provides for the aid to be divided in proportion to the employer cost of the two plans.

Since the enactment of Act 205 and the subsequent approval to allocate GMPSSA to the county employee retirement system, the county's aid has increased from \$277,893 in 1985 to \$1,160,141 in 1991, representing a 317% increase. During that same period, the statewide total allocations of GMPSSA increased by only 48%. Prior to 1985, Allegheny County, like all other counties, received no state shared revenue for use in the county employee retirement system. In 1989, Allegheny County was able to allocate approximately \$730,000 in GMPSSA to the county employee retirement system.

House Bill 2288, Printer's Number 2991, would amend the Second Class County Code to establish a supplemental retirement benefit provision for paid firefighters within the county employees' retirement system similar in benefit structure to the supplemental, independent pension plan for police officers. House Bill 2289, Printer's Number 2907, the companion bill, proposes to include as an eligible recipient of GMPSSA a county of the second class employing full-time firefighters. This, in conjunction with House Bill 2288, appears to be an attempt to establish the same type of arrangement applicable to Allegheny County's paid firefighters as is currently in effect for the police, providing for Commonwealth aid to maintain a supplemental pension benefit for the firefighters.

SUMMARY OF ACTUARIAL COST IMPACT

As the actuarial note indicates, the method used by the Allegheny County Employees' Retirement System to determine annual funding requirements is unique to this system. For purposes of comparison, the Commission's consulting actuary used the entry age normal actuarial cost method, which is the method statutorily required to be used by all municipal employee retirement systems, the Public School Employees' Retirement System, and the State Employees' Retirement System. The increase in unfunded actuarial accrued liability data presented below will be the actual impact on the county. The increase in employer annual cost data presented below will not be the actual impact on the county, however, because the annual funding requirements of the Allegheny County Employees' Retirement System are not determined by the entry age normal actuarial cost method.

	<u>Amount</u>	
Increase in Unfunded Actuarial Accrued Liability	\$ 1,972,325	
	<u>Amount</u>	<u>As % of Payroll</u>
Increase in Employer Annual Costs		
Normal Cost	\$ 42,469	2.19%
Amortization Payment (20 years, level amount)	<u>179,972</u>	<u>9.26</u>
Total Increase in Employer Annual Costs	\$ 222,441	11.45%

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POLICY CONSIDERATIONS

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

Appropriate Means of Providing Pension Benefit. The bill would provide a supplemental pension benefit to paid firefighters of the County of Allegheny without creating an independent pension plan, thus keeping all the provisions regarding firefighters within the county employees' retirement system. An integrated approach in providing multiple retirement benefits is appropriate.

Unequal Treatment of Counties. The provision of Commonwealth pension aid to Allegheny County, except for the original "grandfather" provision that was intended to restrict the aid to the independent police officer pension plan because of its prior receipt of foreign casualty insurance tax allocations, is questionable from a equality of treatment standpoint since no other county is eligible to receive Commonwealth aid for its employee retirement system.

Need for Concurrent Legislative Action of Companion Bills. Because House Bill 2288, Printer's Number 2991, and House Bill 2289, Printer's Number 2907, are interrelated companion bills, it is essential that both bills be considered and acted upon together.

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COMMISSION RECOMMENDATION

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On April 22, 1992, 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.

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FINAL LEGISLATIVE STATUS

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House Bill 2288, Printer's Number 2991, was re-committed to the House Appropriations Committee on February 3, 1992.

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**Bill ID:** House Bill 2429, Printer's Number 3142

**System:** State Employees' Retirement System

**Subject:** Postretirement Adjustment for Retirees

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**SYNOPSIS**

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House Bill 2429, Printer's Number 3142, would amend the State Employees' Retirement Code to provide an additional monthly supplemental annuity based on years of service and retirement effective January 1, 1993, to about 68,000 annuitants who began receiving an annuity before July 2, 1991. About 57,000 of these annuitants would receive the supplemental annuity immediately in January 1993, while about 11,000 early retirees would receive their supplemental annuities as they attain regular retirement age. The amount of the supplemental annuity would be the sum of the product of two dollars multiplied by the number of years of credited service plus the product of one dollar multiplied by the number of years on retirement on July 1, 1992. This supplemental annuity would be funded over a 20 year period from July 1, 1991.

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**DISCUSSION**

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The State Employees' Retirement System (SERS) is the administrator of a cost-sharing multiple-employer retirement system established by the Commonwealth to provide retirement, disability, and death benefits for all employees of state government and certain independent agencies. At December 31, 1990, there were 112 participating state and independent agencies. Membership in SERS is mandatory for most state employees, members and employees of the General Assembly, and certain elected individuals in the executive branch. Certain other employees are not required, but are given the option to participate. On December 31, 1990, SERS membership consisted of 77,840 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 111,248 active members. The general annual retirement benefit is two percent of the member's high-three year average salary times years of service.

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.

The bill would provide increased annuities for about 57,000 retired Commonwealth employees. It has been the historical practice of the Commonwealth to grant periodic ad hoc post retirement increases to SERS annuitants. These ad hoc post retirement adjustments have been granted roughly every five years during the period from 1967 to 1988. The following sets forth the history of prior post retirement adjustments:

<u>Year</u>	<u>Increase</u>	<u>Replacement</u>
1974 & 1975	41.27%	63%
1979	47.44%	55%
1984	43.44%	37%
1988	16.16%	50%

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DISCUSSION (Cont'd)

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The amount of these past post retirement adjustments were based roughly on one-half to two-thirds of the increase over the applicable period in the Consumer Price Index for All Urban Consumers (CPI-U), which is calculated by the Bureau of Labor Statistics of the United States Department of Labor and which is a frequently used measure of changes in the cost-of-living nationally. For comparison purposes, the increase in the CPI-U over the four year period from February 1988 to February 1992 was 19.48%.

The formula to calculate the post retirement adjustment proposed in the bill continues the practice of targeting the increases based on the years of service. Because the amount of the increase per month is a flat dollar amount times the years of service, the post retirement adjustments are not proportionate to the retirement benefit. As a result, the largest increases are provided to the retirees with the most years of service regardless of the amount of the retirement benefit, which has the effect of providing greater increases to retirees who retired at lower pay levels. The desirability of continuing the practice of providing disproportionate post retirement adjustments should be ascertained in view of the uniform impact of inflation on all retirees.

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SUMMARY OF ACTUARIAL COST IMPACT

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Since detailed information concerning the period of service and retirement date for current retirees was not readily available, broad estimates were made with regard to the eligible group's characteristics, generally based on the data available for active plan participants in the retirement eligible category and the plan's actuarial assumptions. The Commission's consulting actuary was instructed to assume amortization payments of annual installments beginning July 1, 1993, and increasing five percent a year over a period of 20 years, as now required by section 5508(e), rather than annual installments beginning July 1, 1991, in level dollar amounts over a period of 20 years, as provided in the proposed section 5708.3(f).

	<u>Amount</u>	
	<u>Amount</u>	<u>As a % of Payroll</u>
Increase in Unfunded Actuarial Accrued Liability	\$214,800,000	
Increase in Employer Annual Costs		
Normal Cost	\$ 0	0.00%
Amortization Payment <u>(First year cost, increasing 5% a year for 20 years)</u>	<u>17,200,000</u>	<u>0.49%</u>
Total Increase in Employer Annual Costs	\$ 17,200,000	0.49%

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POLICY CONSIDERATIONS

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

Timing of Post Retirement Adjustment. The General Assembly typically has dealt with the topic of post retirement adjustments in five year intervals. The bill would provide an ad hoc post retirement adjustment effective January 1, 1993. The most recent prior post retirement adjustment occurred on January 1, 1989. Shortening the interval between post retirement benefit increases to four years may serve as a precedent for future demands for post retirement increases on a more frequent pattern than has been the past practice.

Amount of Post Retirement Increase. In the post retirement increases granted prior to 1984, the amount of the adjustment was set to uniformly replace one-half to two-thirds of the increase in the consumer price index. The 1984 post retirement increase was not a uniform adjustment. The 1984 post retirement increase was designed to maximize the adjustment for long service employees and those who had been on retirement for the longest period. The following compares the formula for the increase proposed in the bill with the formulae used for the 1984 and 1988 post retirement increases:

1984 Increase	1988 Increase	Proposed Increase
\$1 x Yrs. of Service	\$2 x Yrs. of Service	\$2 x Yrs. of Service
\$2 x Yrs. on Retirement	50¢ x Yrs. on Retirement	\$1 x Yrs. on Retirement
2% of Monthly Annuity up to \$20		

The formula to calculate the post retirement adjustment proposed in the bill continues the practice of targeting the increases based on years on retirement. The years on retirement would include the years before 1989 for which targeted increases were provided in 1984 and 1988. Targeting post retirement adjustments based on total years on retirement was initiated in Pennsylvania in 1984 to address a perceived need to provide larger increases to long-term retirees whose retirement benefits had been subjected to inflationary effects over an extended period of time. Continuing the practice of targeting post retirement adjustments based on the total years on retirement compounds the earlier increases and may not be necessary.

Funding Policy. The bill requires that the unfunded actuarial accrued liability attributable to the benefit increase be funded over a 20 year period.

A 20 year period is longer than the remaining average retired lifetime of the benefit recipients involved, meaning that a portion of the funding for benefits will be provided after the death of a significant number of the benefit recipients. More prudent pension funding policy would provide for the liabilities of the post retirement adjustment to be amortized over a shorter period, typically ten years, and for the amortization payments to be calculated on a level dollar basis. This funding policy is evident in section 202(b)(4)(iv) of the Municipal Pension Plan Funding Standard and Recovery Act, under which a municipality must amortize such an unfunded actuarial accrued liability by level dollar amortization payments over ten years. The ten-year level dollar amortization payment for the unfunded actuarial accrued liability attributable to the bill would be \$34.75 million.

Section 5508 of the State Employees' Retirement Code was amended by Act 23 of 1991 to require a uniform funding method for all supplemental annuities granted after July 1, 1991. That method is annual installments increasing by five percent a year over a period of 20 years from the July first coincident with or next following the effective date of such legislation.

The reason for a special, separate 20 year funding scheme proposed in the bill is not apparent. Proposed section 5708.3(f) should be deleted from the bill. Draft language to affect this change is attached.

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COMMISSION RECOMMENDATION

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On November 10, 1992, 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.

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FINAL LEGISLATIVE STATUS

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House Bill 2429, Printer's Number 3142, was re-committed to the House Appropriations Committee on September 30, 1992.

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**Bill ID:** House Bill 2614, Printer's Number 3408

**System:** Volunteer Firefighters' Relief Associations

**Subject:** Establishment of Retirement Plans for Volunteer Firefighters

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**SYNOPSIS**

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House Bill 2614, Printer's Number 3408, would amend the Volunteer Firemen's Relief Association Act to authorize volunteer firefighters' relief associations to establish a program to provide money purchase deferred benefits (compensation) to volunteer firefighters paid for, at least in part, by money allocated by the Commonwealth from the Foreign Fire Insurance Premium Tax.

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**DISCUSSION**

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The primary purposes of volunteer firefighters' relief associations are to provide financial assistance to ameliorate the conditions of volunteer firefighters and the families of volunteer firefighters who have been injured or killed in the fire service, to reduce the frequency and severity of such injuries and the frequency of such deaths by providing safeguards for volunteer firefighters, and to provide insurance against legal liabilities of volunteer firefighters for losses and expenses from claims arising out of the performance of fire service duties. For these reasons, the associations are regarded as charitable corporations for all purposes including the right to establish exemption from the operation of certain taxes.

The bill authorizes volunteer firefighters' relief associations to establish a program to provide deferred benefits to volunteer firefighters. Under the program, a relief association, usually using the administrative services of an insurance company, bank, or employee benefits administrator, would establish an account for each eligible volunteer firefighter. The relief association would make a contribution each year to the account for each firefighter who maintained eligibility through a defined level of participation in fire company activities. A firefighter's eligibility for the annual contribution would be based on a system of points given for various firefighting, training, and administrative activities associated with the volunteer fire service. A volunteer firefighter would be eligible to begin receiving benefits from the account upon leaving the volunteer fire service and reaching a minimum age of 65 as specified by the relief association. The amount payable would be dependent on the amount of money that had accumulated in the account, with interest, during the years of active volunteer fire service. Benefits would be payable either in lump sum or in periodic payments, depending on the options for payment specified in the document governing the plan. Members would be 100% vested in the value of their accounts from the time the accounts are established.

Money to provide for the annual contributions to the deferred benefit accounts would come from Commonwealth allocations received each year by relief associations from the tax on premiums for fire insurance sold in Pennsylvania by out-of-state ("foreign") insurance companies. The bill authorizes a relief association to use up to one-third of the allocation received in any year for funding the deferred benefit plan. Where relief associations already have accumulated cash assets, an equal contribution may be made from the cash assets on hand. Each year the relief association would determine the total amount of money to be contributed to the deferred benefit accounts and would allocate that amount among the accounts of eligible members. During the first ten years that the deferred benefit plan is in effect, the formula for allocating the annual contribution to member accounts may, at the option of the relief association, provide for weighted allocations to

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DISCUSSION (Cont'd)

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the accounts of members with past service. After the first ten years, equal contributions are allocated to each eligible member's account.

Since the funding committed to the program is determined each year based on available resources, no multi-year obligation is undertaken. This plan design avoids the potential that future liabilities for either the cost of funding promised benefits or the cost of making contributions at promised levels will exceed the revenue available to volunteer firefighters' relief associations and assures that pension benefit promises by relief associations cannot, in the future, become the obligation of municipal governments or the Commonwealth. In addition, by limiting the portion of the annual foreign fire insurance premium tax allocation that may be spent for the purpose of the deferred benefit plans, the bill assures that some of the relief association's financial resources remain available for the current purposes of providing casualty benefit coverage, health safeguards, and safety devices for volunteer firefighters.

There is no need for additional reporting to the Auditor General or the municipality. Because Commonwealth money is used, the plans will be subject to routine audits by the Auditor General. The proposal, however, does require that an annual statement be prepared and given to each member.

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SUMMARY OF ACTUARIAL COST IMPACT

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Since the funding commitment to the money purchase deferred benefits plan is determined each year based on available resources, no long-term fiscal analysis is possible. The maximum expenditure in 1991 without consideration of the optional match from previously accumulated cash assets, would have been \$12,701,949 or one-third of the total Commonwealth allocation for Foreign Fire Insurance Premium Tax to the volunteer firefighters' relief associations.

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POLICY CONSIDERATIONS

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

Single Year Financial Obligations. Since the funding commitment to the proposed program is determined and fully funded each year, no multi-year obligation is undertaken. Multi-year funding obligations may not be appropriate for volunteer firefighters' relief associations that have both variable revenues and unpredictable levels of expenditures required to maintain existing programs. The proposed program's plan design accommodates the need for discretionary annual funding by permitting an individual volunteer firefighters' relief association to determine the resources available to finance its deferred benefit plan each year and setting the liability to the deferred benefit plan equal to the annual funding determinations.

Simplified Reporting Requirements. The nature of the program's plan design eliminates the need for any actuarial reporting requirements and the associated costs, although the use of Commonwealth money will be subject to routine audits by the Auditor General.

Prior Service Recognition. Unlike the typical defined contribution plan, the program established by the bill provides for weighted allocations in recognition of past service, if the relief association wishes to recognize prior service.

Administrative Simplicity. The simplicity of the proposed program's administration and its general understandability make it particularly appropriate for volunteer firefighters' relief associations.

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POLICY CONSIDERATIONS (Cont'd)

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Inequity in Benefits and Coverage. The wide variation in retirement benefits permitted under the bill is likely to produce inequitable benefit levels among volunteer fire companies in close proximity. Because membership in the volunteer fire company with the highest retirement benefits will be elected more often, the inequity in retirement benefits authorized by the bill may diminish interest in membership in some volunteer fire companies and exacerbate recruitment and retention efforts. The bill does not address situations where one volunteer firefighters' relief association serves the members of multiple volunteer fire companies and one or more of the volunteer fire companies elect not to participate in the retirement plan.

Multiplicity of Plans. By authorizing each volunteer firefighters' relief association to establish a pension plan, the bill creates the potential for an additional 1,985 public pension plans in Pennsylvania. The further decentralization of public pension plans in the Commonwealth may be questionable from a public pension policy standpoint.

Appropriateness of Benefits. The appropriateness of using Commonwealth revenues to provide pension benefits for volunteer firefighters may be questionable from a public policy standpoint since over 12% of the full-time employees of boroughs, over 10% of the full-time employees of townships of the first class, and over 32% of the full-time employees of townships of the second class have no pension benefits.

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COMMISSION RECOMMENDATION

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On June 17, 1992, 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.

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FINAL LEGISLATIVE STATUS

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House Bill 2614, Printer's Number 3408, was re-committed to the House Appropriations Committee on May 5, 1992.

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**Bill ID:** House Bill 2723, Printer's Number 3596

**System:** State Employees' Retirement System

**Subject:** Authorization to Buy Credit for Municipal Law Enforcement Service

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**SYNOPSIS**

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House Bill 2723, Printer's Number 3596, would amend section 5304 of the State Employees' Retirement Code to permit an active member of the State Employees' Retirement System who is an investigator employed by the Office of Attorney General, an officer of the Capital Police, or an officer of the Pennsylvania State Police to purchase up to three years of service credit for previous nonstate service as a law enforcement officer of a Pennsylvania municipality or Pennsylvania municipal agency.

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**DISCUSSION**

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The Commonwealth's defined benefit pension plan has a retirement benefit based on a predetermined formula that is a function of the final average salary and years of credited service. Eligibility requirements for receiving full benefits under the plan are based on the attainment of a specified age and the crediting of a specified number of years of service. The number of years of credited service has a direct impact on the benefit amount for both regular and early retirement. Public Employee defined benefit pension plan provisions that permit members to receive credit for service with another employer are of value to members because they enhance the retirement benefit or accelerate retirement eligibility or both.

Members of the State Employees' Retirement Systems (SERS) currently are able to purchase credit for the following types of service: approved leaves of absence without pay, intervening and nonintervening military service; service as public educators in another state or with the federal government; service as a temporary federal employee assigned to a Commonwealth agency; service in a community college under the Community College Act; service in the Cadet Nurse Corps during World War II; service with a government agency other than the Commonwealth where employment was terminated because of the transfer by law of the administration of the service or of the entire agency to the Commonwealth; and service as a justice of the peace prior to 1970.

About 4,370 SERS members are employed as investigators in the Office of Attorney General, officers of the Capitol Police, and officers of the Pennsylvania State Police. The bill would expand the list of purchasable nonstate service for these members to include service as a law enforcement officer for any Pennsylvania municipality or agency thereof. The purchase would be limited to not more than three years of service credit. The effect of the additional service credit would be to add an amount equal to up to six percent of the final average salary to the value of the basic benefit prior to modification. The purchase payment amount required for each year of service credit purchased under the proposal would be the member basic and additional contribution rates plus the Commonwealth normal contribution rate at the time of entry into Commonwealth service subsequent to the nonstate service applied to the salary of that first year of subsequent Commonwealth service plus interest at the statutory rate of four percent. The residual unfunded actuarial accrued liability would be funded over a 20 year period beginning with the July 1 coincident with or next following the purchase with each amortization payment being five percent greater than the amount of such payment for the previous year.

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## SUMMARY OF ACTUARIAL COST IMPACT

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Due to the absence of demographic data on the potential amount of nonstate law enforcement service of the SERS members who are eligible to purchase this nonstate service credit, an exact estimate of the actuarial cost of the bill cannot be made, however, it can be stated in good faith that it would not be inexpensive.

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## POLICY CONSIDERATIONS

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

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 purchases of credit for service. The bill does not conform to the recommendations in this report concerning authorizing, funding, and structuring purchases of credit for service.

*Inequity of Certain Service Credit Purchase Authorizations.* The Commission recommended that service credit 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 credit purchase authorizations on an ad hoc basis to recognize past education, training, or experience requires policy makers to make arbitrary determinations concerning what types of past service should be purchasable and results in inequitable treatment of public employees. In addition, it is extremely difficult to devise a method of financing these purchases that is fair to both the employer and the employees.

*Appropriateness of Credit for Municipal Law Enforcement Service.* The specific situations for which the Commission considered the use of service credit 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. The proposal only would permit certain Commonwealth employees to purchase service credit for municipal law enforcement service. Other Commonwealth employees with municipal law enforcement service could not purchase credit for that service nor could Commonwealth employees purchase service credit for other municipal service. For the Commonwealth, the service credit authorization would represent permission to purchase credit for service with another governmental entity, an entity that enjoyed an actuarial gain when the employee terminated service while the Commonwealth will suffer an actuarial loss in permitting the purchase.

*Adequacy of Purchase Payments.* The Statutory method for calculating the member contributions to purchase service credit for municipal law enforcement service will result in members paying less than the full actuarial cost of the increased benefit acquired through the service credit purchase. This service credit purchase price will result in an increase in the unfunded actuarial accrued liability of the retirement system and increased amortization payments by the Commonwealth over the 20 year amortization period. A service purchase transaction that favors the member at the expense of the retirement system is viewed by the Commission as being appropriate only where necessary for the purpose of equity.

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POLICY CONSIDERATIONS (Cont'd)

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Cost Effectiveness of Technical Provisions. For service purchase authorizations of this type, the Commission recommended that employees be required to exercise the purchase option within three years of becoming eligible to do so. The Commission also recommended that in cases where the service purchase amount required to be paid by an employee includes amounts representing 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 does not limit the time within which the member must exercise the purchase option and does not exclude the purchase payment from Option 4 lump sum withdrawal. This would enable an eligible member 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 both a limitation on the time that the purchase option is available and 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 nonstate service.

Unequal Treatment of SERS Members. The bill does not treat all similarly situated Commonwealth employees equally. The purchase option for municipal law enforcement service is restricted just to investigators of the Office of Attorney General, officers of the Capital Police, and officers of the Pennsylvania State Police rather than including other public safety employees such as correction officers, enforcement officers, psychiatric security aids, and officers of the Delaware River Port Authority.

Precedent for Similar In State and Out of State Requests. The bill would initiate a public policy in the Commonwealth by allowing service credits for municipal service to be purchased. The bill may serve as a precedent for other Commonwealth employees with previous municipal law enforcement service and for all Commonwealth employees with previous municipal service both in Pennsylvania and elsewhere to request the option to purchase service credit for that municipal service.

Need for Clarifying Amendment. Neither the Statutory Construction Act of 1972 nor the State Employees' Retirement Code define agency of a municipality. It is not clear from the bill whether such entities as local authorities and associations of municipalities cooperating under the Intergovernmental Cooperation Law are included or excluded. To prevent interpretation problems, a definition should be provided in the bill.

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COMMISSION RECOMMENDATION

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On November 10, 1992, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy considerations identified above.

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FINAL LEGISLATIVE STATUS

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House Bill 2723, Printer's Number 3596, was re-committed to the House Appropriations Committee on September 30, 1992.

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**Bill ID:** House Bill 2804, Printer's Number 3715

**System:** Public School Employees' Retirement System

**Subject:** Additional Ten Percent Service Credit Early Retirement Incentive

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**SYNOPSIS**

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House Bill 2804, Printer's Number 3715, would amend the Public School Employees' Retirement Code to permit certain active members of the Public School Employees' Retirement System (PSERS) who have attained age 55 and terminate service after July 31, 1992, and before August 1, 1993, to receive credit for an additional ten percent of their service without paying any additional member contributions. The bill also provides that the extra ten percent service credit shall be forfeited in the event an annuitant who has received this retirement incentive returns to school service.

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**DISCUSSION**

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The bill would grant additional service credit equal to ten percent of accrued service credits to the credited service of each eligible PSERS member retiring during the one year period from August 1, 1992, through July 31, 1993. Eligibility for the additional service credit is limited to PSERS members who are at least 55 years old. The bill applies to about 35,500 PSERS members who are age 55 or older, about 29,000 of whom have ten or more years of service credit. The effect of the additional service credit would be to add an amount equal to up 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 basis of amounts increasing five percent a year over a twenty year period from the July 1 coincident with or next following the effective date of the bill.

An existing special early retirement provision will expire on June 30, 1993. This existing provision permits a PSERS member with 30 or more years of service to retire at any age and receive full retirement benefits with no benefit reduction for retiring prior to normal retirement age (age 62, or age 60 with 30 years of service, or any age with 35 years of service).

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, PSERS members currently must have at least 24½ years of service credit to be eligible for the health insurance premium assistance program of \$55.00 a month. Under the bill members who are at least age 55 and have at least 22.3 years of service credit will be eligible for the health insurance premium assistance program in retirement. Second, PSERS members who have at least 30 years of service credit are 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 additional ten percent service credit early retirement incentive opportunity.

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**SUMMARY OF ACTUARIAL COST IMPACT**

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The actuarial cost of the PSERS additional service credit early retirement incentive provisions will be dependent on the utilization pattern experienced. The Commission consulting actuary indicates that the estimates are based upon the experience in the State Employees' Retirement

SUMMARY OF ACTUARIAL COST IMPACT (Cont'd)

System under Act 23 of 1991 and the PSERS under Act 95 of 1984. 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 the first year annual cost ranges from \$11 million under the low utilization scenario to \$24 million under the high utilization scenario. In addition, in preparing these cost estimates, the consulting actuary assumed for purposes of analysis that the eligibility for the additional ten percent service credit early retirement will be limited to PSERS members who have completed ten or more years of service, as was required under Act 23 of 1991.

	Low Utilization		Intermediate Utilization		High Utilization	
	Eligible Members %		Eligible Members %		Eligible Members %	
<b>Utilization Rates</b>						
Out of 22,103 eligible members with 10 or more but less than 30 years of service	3,315	15%	5,526	25%	7,736	35%
Out of 6,857 eligible members with 30 or more years of service	2,057	30%	3,086	45%	4,114	60%
Out of 28,960 eligible members with 10 or more years of service	5,372	19%	8,612	30%	11,850	41%
Increase in Unfunded Actuarial Accrued Liability	\$163,000,000		\$254,000,000		\$344,000,000	
<b>Increase in Employer Annual Cost*</b>						
Normal Cost	\$ 0		\$ 0		\$ 0	
Amortization Payment (1st year)	<u>11,000,000</u>		<u>18,000,000</u>		<u>24,000,000</u>	
Total Increase in Employer Cost	\$ 11,000,000		\$ 18,000,000		\$ 24,000,000	
Total Increase in Employer Cost as Percent of Covered Payroll	0.18%		0.28%		0.38%	

\*Paid one-half by the Commonwealth and one-half by the school districts.

POLICY CONSIDERATIONS

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

Voluntary Retirement. The bill provides a mechanism for voluntary reductions in the work force.

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 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.

Cost Savings Estimates. Estimates of cost savings should be prepared by an actuary. Such estimates are highly dependent upon judgements about such factors as: the number of teachers who will retire in the normal course of events without an additional incentive, rates at which retiring teachers are replaced, rates of salary progression of teachers, and costs of benefits paid to retirees.

Appropriateness of Early Retirement Incentive in Multiple-Employer System. The Public School Employees' Retirement system is a cost-sharing multiple-employer system serving over 500 employers. A generally applicable early retirement incentive program, including employers where no permanent reduction in the work force is likely or desirable, will increase the costs of the early retirement incentive and reduce the salary savings potential of the bill. An early retirement incentive could be implemented more appropriately and efficiently by those individual employers needing it by means other than increasing the retirement system benefit.

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 program may become entitled to additional supplemental annuities during their extended retired lifetimes.

Bonus vs. Incentive. More than forty percent of the school district employees eligible to retire during the ten percent service credit early retirement incentive period would be eligible for full retirement benefits without the additional ten percent of credited service. For these employees, the bill provides a bonus for retiring during the period rather than an incentive for retiring early.

Minimum Service for Eligibility. Under the Public School Employees' Retirement Code, a member who terminates service with ten years service is entitled to vest retirement benefits. Under Act 23 of 1991 that authorized an additional ten percent service credit early retirement incentive in the State Employees' Retirement System, the incentive was limited to SERS members with at least ten years service. The bill, as drafted, does not so restrict the incentive, and draft language to effect this change is attached.

Timing of Incentive. The bill makes the additional ten percent service credit early retirement incentive available to members terminating service after July 31, 1992, and before August 1, 1993. Because of the timing of school district fiscal years, teachers' contracts, certain benefit packages, and normal teacher retirements, the bill will have a much greater effect in fiscal year 1992-93 if the one year period is changed to the one year period of June 30, 1992, to June 30, 1993. Draft language to effect this change is attached.

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COMMISSION RECOMMENDATION

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On June 17, 1992, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy considerations identified above.

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FINAL LEGISLATIVE STATUS

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House Bill 2804 was amended and as Printer's Number 3859 passed the House (188-6) on June 23, 1992, and was referred to the Senate Finance Committee on June 24, 1992.



## **PART II**

### **PUBLIC EMPLOYEE RETIREMENT SYSTEM ADMINISTRATION**

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#### **A. ACT 205 of 1984**

##### **1991 Filing Period**

March 31, 1992, was the filing deadline for the 1991 municipal pension plan reports. Of the 4,500 local governments submitting questionnaire responses, over 1,700 indicated that they had established one or more pension plans. About 230 of the local governments required to submit employee pension plan reports failed to meet the statutory filing deadline. Through transmitting multiple delinquency notices, the Commission was able to significantly reduce the number of delinquent local governments that were not included in the initial certification to the Department of the Auditor General on August 15th. Only 42 municipalities remained delinquent as of the date of initial certification, representing a 50% reduction from the number of delinquent local governments occurring in the previous filing period. As of December 31, 1992, only 8 municipalities remained delinquent in submitting their 1991 employee pension plan reports, and the Commission was actively engaged in enforcing the reporting requirements.

With 75% of the over 2,600 municipal pension plan actuarial valuation reports received near the filing deadline, the Commission enhanced its computer assisted review procedures and improved other processing techniques to expedite the review of the incoming reports. The data extracted from the reporting forms was verified using electronic data processing. The Commission will issue its Status Report on Local Government Pension Plans based on the 1991 Act 205 data early in 1993.

##### **Municipal Pension Cost Certification**

In the summer of 1992, the Commission certified municipal pension cost data to the Department of the Auditor General for use in the 1992 allocation of General Municipal Pension System State Aid. In 1992, the State aid provided to municipalities to offset their employee pension costs totalled more than \$121 million. Calculation of the municipal pension cost data for 1,300 municipalities was accomplished through the municipal employee pension plan data base that is maintained by the Commission through the data extracted from the over 2,600 pension plan reports submitted by municipalities.

##### **Recovery Program**

The Commission determined the 1992 distress scores for 49 municipalities participating in the Financially Distressed Municipal Pension System Recovery Program and transmitted distress determination notices to the affected municipalities. In December of 1992, the Commission also certified the payment of \$9 million in Supplemental State Assistance for 1992 and notified the Governor and General Assembly that a \$5.8 million appropriation would be needed to provide the Supplemental State Assistance payable in December of 1993.

## **Recovery Program (Cont'd)**

In the fall of 1992, the Commission transmitted filing notices and reporting forms to the 21 municipalities required to submit 1992 actuarial valuation reports for their employee pension plans due to their participation in the Supplemental State Assistance Program.

### **B. ACT 293 of 1972**

#### **1992 Filing Period**

The Commission transmitted filing notices and reporting forms to the 66 counties required to submit employee pension plan reports for 1992. The reports are due March 31, 1993.

#### **Amendments**

Commission-drafted legislation to amend Act 293 was introduced early in the 1991-92 Session of the General Assembly. The proposed amendment would have changed the reporting year for the biennial reports on county employee pension plans to odd numbered years. If the amendment had been enacted, county employee pension plan reports submitted under Act 293 and all other local government employee pension plan reports submitted under Act 205 would have been filed for the same years. In an effort to synchronize the Commonwealth's local government pension plan reporting programs, the Commission will again seek introduction and passage of the necessary amendment to Act 293 of 1972 in the 1993-94 Session of the General Assembly.

## PART III

### PUBLIC EMPLOYEE RETIREMENT SYSTEM POLICY DEVELOPMENT AND COORDINATION

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#### 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.

**Special Report: Study of the Current Situation of Local Government Retirement Systems and Recommended Establishment of a Statewide Retirement System.**

The decentralized administrative structure used in the Commonwealth to provide retirement benefits for local government employees is unique. No other state approaches Pennsylvania in the number of individual public employee retirement systems—some 2,600 and growing. Two-thirds of the Commonwealth's local government employee retirement systems have ten or fewer active members. Long-standing, substantial deficiencies in policy guidance have rendered Pennsylvania local government employee retirement systems ineffective in meeting the needs of local governments and their employees. After several years of study, in December 1992, the Commission issued a special report documenting the many serious problems with the current structure of local government employee retirement systems. The problems included benefit inadequacies, lack of

## **B. RESEARCH. (Cont'd)**

pension portability, inflated pension costs, administrative inefficiencies and inadequacies, and benefit inequities. To effectively address these problems, the Commission recommended that the current decentralized administrative structure of local government employee retirement systems be replaced with one statewide retirement system, that the statewide retirement system for local government employees be gradually phased-in over 20 to 30 years by mandating participation only for newly hired employees while providing incentives for local governments to elect participation for current employees, and that the statewide retirement system for local government employee be implemented by expanding the State Employees' Retirement System to provide additional membership classifications designated for local government employees.

### **Study on the Impact of the Early Retirement Incentive Provided in the State Employees' Retirement System by Act 23 of 1991.**

On August 5, 1991, the Governor signed into law Act 23 of 1991, which, among other things, provided an additional service credit early retirement incentive in the State Employees' Retirement Code. In January 1992, at the request of Representative Dwight Evans, Chairman, House Appropriations Committee, the Commission began a study of the impact of this incentive. Consideration of the long-term result of the early retirement incentive is quite important and a careful review to determine the cumulative fiscal impact of Pennsylvania's experience with early retirement incentives is necessary. The Commission issued its report in December 1992.

### **Status Report on Local Government Pension Plans**

During the second half of 1992, research began on the Commission's fourth 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 will be completed during the first half of 1993 and issued as a report before July 1993. The report will be a summary and analysis of municipal employee retirement system actuarial valuation reports as of January 1, 1991, submitted to the Commission under the Act and of county employee retirement system actuarial valuation reports as of January 1, 1990, submitted to the Commission under Act 293 of 1972. The data in the report will be extracted from the individual pension plan reports containing actuarial, financial, and demographic information. The report will contain both the Commission's comments on trends or conditions and the associated recommendations of the Commission.

## **C. STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEM REVIEWS.**

Under the Public Employee Retirement Study 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 Public School Employees' Retirement System (PSERS) in October 1992 and the State Employees' Retirement System (SERS) in November 1992.

## Commission Review of PSERS Actuarial Valuation Report

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At the October 1, 1992, meeting of the Commission, the staff presented a summary of the June 30, 1991, actuarial valuation report of the Public School Employees' Retirement System. The following are some significant facts contained in these reports.

### June 30, 1991, Actuarial Valuation Report

#### Changes in Contribution Rate

	<u>1991</u>	<u>1990</u>
Normal Cost Rate	7.90%	8.00%
Unfunded Actuarial Accrued Liability Rate	<u>5.84%</u>	<u>6.40%</u>
	13.74%	14.40%

#### Asset Valuation Method Changes

- The asset valuation method was changed to a five year moving average market value of assets as of June 30, 1991.
- The change in the asset valuation method and the writing off of \$110 million of interest receivable from the Commonwealth reduced the unfunded liability of the PSERS.

#### Funding Facts

Since the prior valuation:

- The employer contribution rate had decreased 0.66%.
  - 0.35% due to change in the asset valuation method; and
  - 0.31% due to the System's net favorable experience.
- The funding ratio had increased by 3.07%.

The Commission reviewed the reports with Mr. James A. Perry, PSERS' Executive Director, Mr. Arthur J. Granito, PSERS Assistant Executive Director, and Mr. John Thompson, SERS' consulting actuary.

**SUMMARY OF ACTUARIAL VALUATION  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
as of  
June 30, 1991**

The following is a summary of the June 30, 1991, actuarial valuation of the Public School Employees' Retirement System and a comparison of the 1991 results with those of 1990.

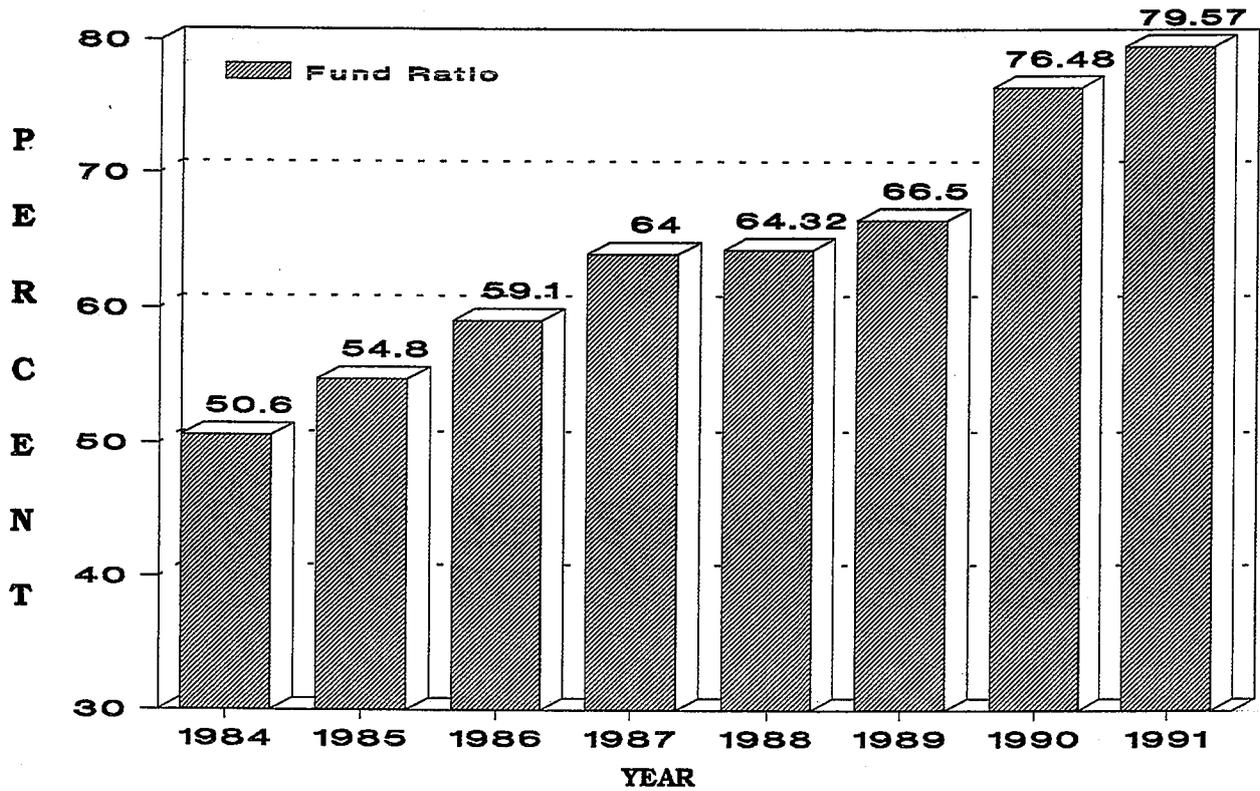
	<u>6/30/90</u>		<u>6/30/91</u>	
<u>Membership</u>				
Active Members	200,660		202,631	
Inactive and Vested Members	32,018		33,029	
Retired Members	91,787		94,267	
Disabled Members	3,894		4,041	
Survivors and Beneficiaries	4,439		4,614	
 <u>Payroll and Annuities Payable</u>				
Total Annual Payroll	\$ 5,363,534,588		\$ 5,744,798,176	
Annual Annuities and Benefits	\$ 771,728,559		\$ 816,447,077	
 <u>Valuation Data</u>				
Accrued Liability	\$20,914,300,000		\$22,573,986,000	
Assets <sup>1</sup>	<u>15,995,600,000</u>		<u>17,961,839,000</u>	
Unfunded Accrued Liability <sup>2</sup>	\$ 4,918,700,000		\$ 4,612,147,000	
 Fund Ratio	 76.48%		 79.57%	
 <u>Funding Costs</u>				
Normal Cost	\$ 721,931,755	13.46%	\$ 768,653,995	13.38%
Amortization <sup>3</sup>	<u>343,266,214</u>	<u>6.40%</u>	<u>335,496,213</u>	<u>5.84%</u>
Full Actuarial Funding	\$1,065,197,969	19.86%	\$1,104,150,208	19.22%
 <u>Support</u>				
Member	\$ 292,848,989	5.46%	\$ 314,814,940	5.48%
School District	386,174,490	7.20%	394,667,634	6.87%
Commonwealth	<u>386,174,490</u>	<u>7.20%</u>	<u>394,667,634</u>	<u>6.87%</u>
Total Support <sup>4</sup>	\$1,065,197,969	19.86%	\$1,104,150,208	19.22%

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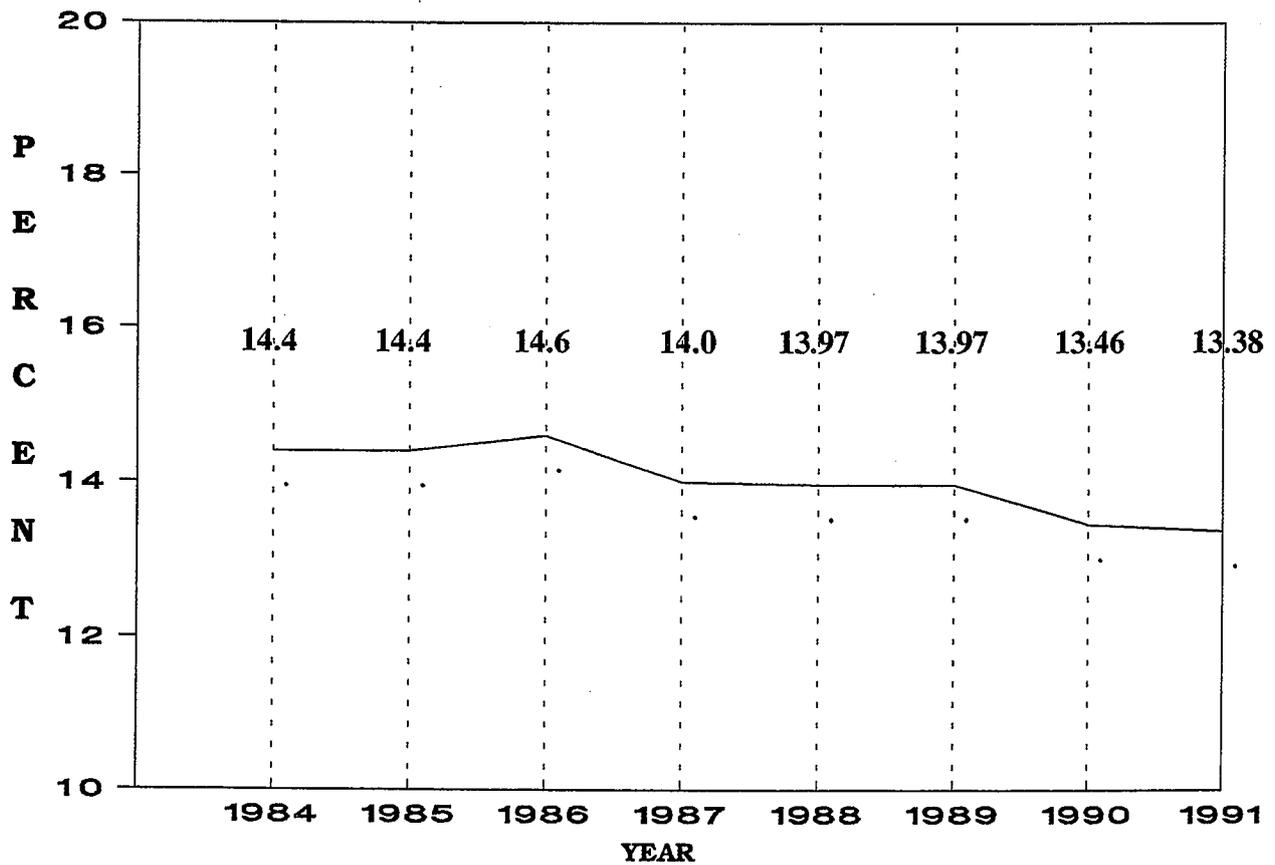
**EXPLANATORY FOOTNOTES**

1. The system has changed the method utilized to value its assets. Previously, the assets of the system for actuarial valuation purposes were valued at their book value. Effective June 30, 1991, the asset valuation method was changed to a market-related method which averages market gains and losses over a 5 year period.
2. The figure for the unfunded accrued liability decreased by \$306,553,000 between 6/30/90 and 6/30/91.
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.
4. The employer health care contribution rate of .50% is not included in this total.

### PSERS FUNDING RATIO TREND



### PSERS NORMAL COST TREND



## Commission Review of SERS Actuarial Valuation Report

At the November 10, 1992, meeting of the Commission, the staff presented a summary of the December 31, 1991, actuarial valuation report of the State Employees' Retirement System. The following are some significant facts contained in that report.

### December 31, 1991, Actuarial Valuation Report

#### Summary of Changes

- The normal cost increased from 7.90 percent in 1990 to 8.50 percent in 1991. The normal cost calculation used data for new active members (all active members who had not yet completed one year of service). The use of new active members, rather than all active members, creates the potential for the normal cost percentage to significantly fluctuate from year to year.
- The unfunded liability decreased to \$147,537,390, a 98.6% fund ratio. There was a high expectation that the system would be fully funded by the next actuarial calculation. The total contribution for the unfunded liability declined from 1.97 percent to 0.42 percent of payroll.
- The employer contribution rate decreased from 9.87 percent to 8.92 percent.

#### Changes in Contribution Rate

	<u>1991</u>	<u>1990</u>
Normal Cost Rate	8.50%	7.90%
Amortization of Liabilities	<u>0.42%</u>	<u>1.97%</u>
Total	8.92%	9.87%

#### Reasons for Change in Contribution Rate

	<u>Normal Cost</u>	<u>Unfunded Liability</u>	<u>Total</u>
1) December 31, 1990	7.90%	1.97%	9.87%
2) Changes - December 31, 1992			
a) Excess Investment Earnings		(1.11%)	(1.11%)
b) Changes in Demographics of the New Entrants	0.60%	(0.46%)	0.14%
c) Increased Benefits in Act 1991-23		0.34%	0.34%
d) Salary Increases Less Than Assumed		<u>(0.37%)</u>	<u>(0.37%)</u>
e) Total:	<u>0.60%</u>	<u>(1.55%)</u>	<u>(0.95%)</u>
3) December 31, 1991, Valuation	8.50%	0.42%	8.92%

**Commission Review of SERS Actuarial Valuation Report (Cont'd)**

Dollar Changes and Reason for Liability Change

1) December 31, 1990, Unfunded Liability	\$867,110,373
2) Expected Amortization Payment	69,490,020
3) Expected Liability as of December 31, 1991 {[(1) x 1.009] - 2}	883,464,279
4) Change in Liability due to:	
a) Excess Investment Earnings	( 477,398,493)
b) Increased Benefits Provided by Act 23	144,641,530
c) Salary Increases Less Than Assumed and Miscellaneous Charges	( 403,169,926)
d) Total Change:	( 735,926,889)
5) December 31, 1991, Unfunded Liability	\$147,537,390

The Commission reviewed this report with Mr. John Brosius, SERS Executive Director, Mr. Dale H. Everhart, SERS Assistant Executive Director, Mr. Edwin C. Hustead, SERS consulting actuary, and Mr. Nicholas Joseph Marcucci, SERS Deputy Chief Legal Counsel.

**SUMMARY OF ACTUARIAL VALUATION  
STATE EMPLOYES' RETIREMENT SYSTEM  
as of  
December 31, 1991**

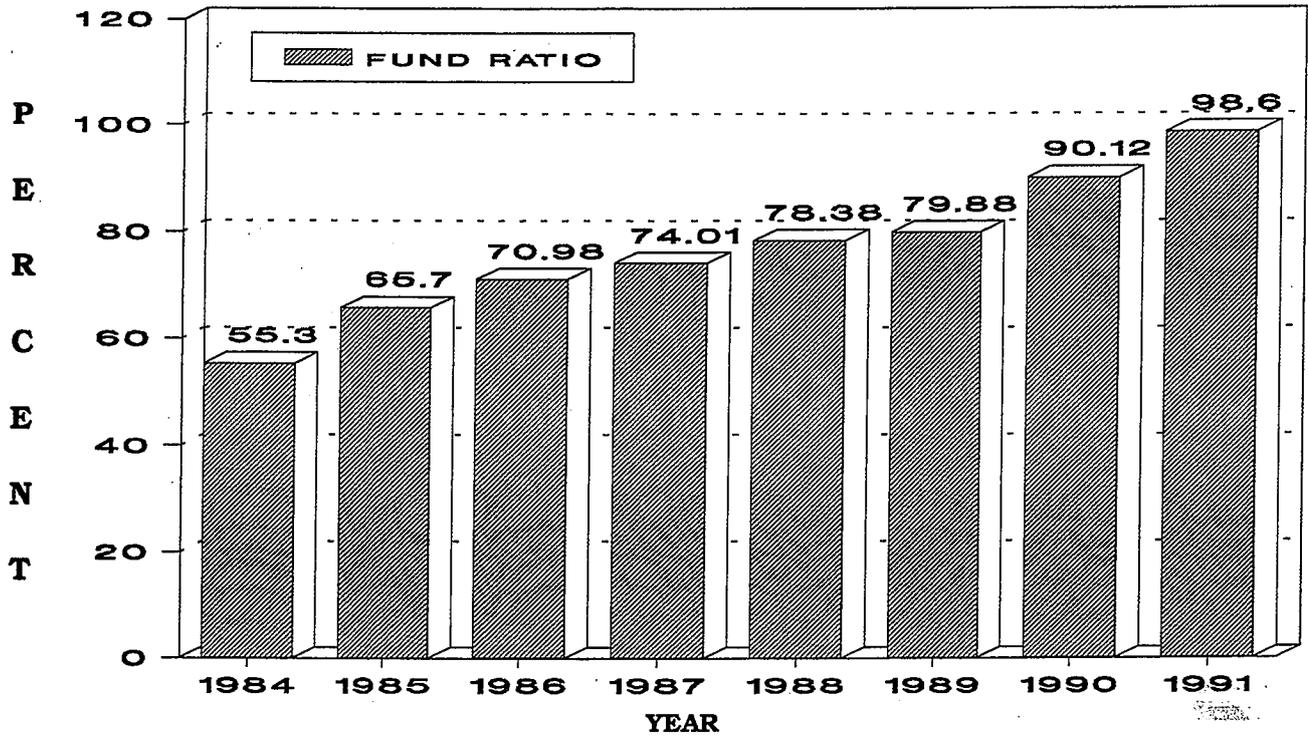
The following is a summary of the December 31, 1991, actuarial valuation of the State Employees' Retirement System and a comparison of the 1991 results with those of 1990.

	<u>12/31/90</u>		<u>12/31/91</u>	
<b><u>Membership</u></b>				
Active	111,248		104,651	
Inactive Vested	3,619		4,362	
Retired	63,999		68,935	
Disabled	4,157		4,227	
Survivors and Beneficiaries	6,066		6,332	
<b><u>Payroll and Annuities Payable</u></b>				
Total Annual Payroll	\$3,196,785,204		\$3,119,516,246	
Annual Annuities and Benefits	\$ 462,153,584		\$ 501,909,761	
<b><u>Valuation Data</u></b>				
Accrued Liability	\$10,356,520,660		\$10,937,782,936	
Assets <sup>1</sup>	<u>9,333,669,460</u>		<u>10,790,245,546</u>	
Unfunded Accrued Liability	\$ 1,022,851,200		\$ 147,537,390	
Funding Ratio	90.1%		98.6%	
<b><u>Funding Costs</u></b>				
Normal Cost <sup>2</sup>	\$452,345,106	14.15%	\$460,128,646	14.75%
Amortization <sup>3</sup>	<u>62,976,669</u>	<u>1.97%</u>	<u>13,101,968</u>	<u>.42%</u>
Full Actuarial Funding	\$515,321,755	16.12%	\$473,230,614	15.17%
<b><u>Support</u></b>				
Member	\$199,799,075	6.25%	\$194,969,765	6.25%
Commonwealth	<u>315,522,700</u>	<u>9.87%</u>	<u>278,260,849</u>	<u>8.92%</u>
Total Support	\$515,321,725	16.12%	\$473,230,614	15.17%

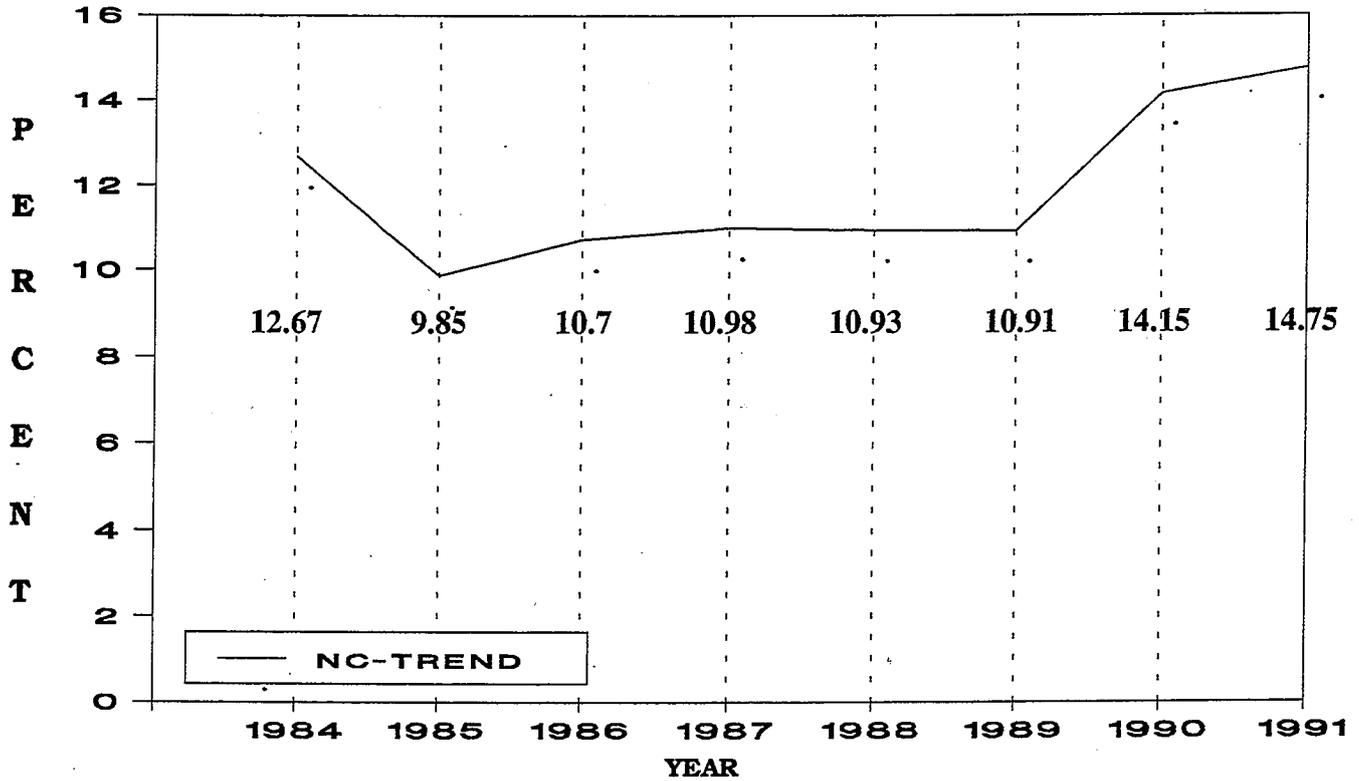
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**EXPLANATORY FOOTNOTES**

1. The figure is the actuarial value not the market value.
2. 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.
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.

### SERS FUNDING RATIO TREND



### SERS NORMAL COST TREND





**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 1992 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. Leo V. Marchetti - Vice Chairman  
PENNSYLVANIA FRATERNAL ORDER OF POLICE

Mr. David J. Gondak - Secretary  
PENNSYLVANIA STATE EDUCATION ASSOCIATION

Mr. W. Ronald Smeal  
PENNSYLVANIA CHIEFS OF POLICE ASSOCIATION

Mr. William Willis  
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

## **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 1992 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  
December 31, 1992**

<b>BILL NUMBER PRINTER'S No. (PRIME SPONSOR)</b>	<b>SUBJECT</b>	<b>CONCISE HISTORY AND STATUS</b>	<b>DATE</b>
Sunset Review Resolution No. 1	Continuing the existence of the Public Employee Retirement Study Commission scheduled for termination under the Sunset Act (See S. B. 1368.)	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 (See S. B. 1369.)	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 firefighters 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 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 (See S. B. 405.)	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

BILL NUMBER PRINTER'S NO. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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
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 (See S. B. 405.)	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 (See S. B. 405.)	Referred to Senate Finance Committee <b>Advisory Note</b> (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 (See S. B. 405.)	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 (See S. B. 405.)	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 (See S. B. 405.)	Referred to Senate Finance Committee	01/29/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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 (See S. B. 405.)	Referred to Senate Finance Committee	01/29/91
S. B. 345 P. N. 2399 (Mellow)	Statutes relating to police officers', firefighters', and nonuniformed employees' pension funds in cities of the second class A (Scranton), authorizing the city to permit its employees to purchase service credit for prior military service time	Referred to Senate Local Government Committee Reported as committed <b>Actuarial Note</b> (P. N. 355) Second Consideration Passed Senate (50-0) Referred to House Local Government Committee Reported as committed Second Consideration Amended and Passed House (192-1) Referred to Senate Rules and Executive Nominations Committee Reported as committed Senate concurred in House Amendments (49-0) Veto No. 10 of 1992	01/29/91 03/19/91 06/12/91 05/05/92 05/12/92 05/18/92 06/10/92 06/16/92 06/23/92 06/24/92 11/24/92 11/24/92 12/28/92
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 (See H. B. 209.)	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

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**CONCISE HISTORY AND STATUS**

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S. B. 401 P. N. 1878 (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 Reported as amended Re-referred to House Appropriations Committee	02/11/91 03/19/91 10/22/91 11/18/91 11/20/91 01/29/92 03/10/92
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 ½ day as ½ 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 5½% 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, 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 mem-	Referred to Senate Finance Committee Reported as amended Re-referred to Senate Appropriations Committee <b>Actuarial Note</b> (P. N. 718) Re-reported as amended Second Consideration Passed Senate (47-1) Referred to House Appropriations Committee Reported as amended <b>Commission Letter</b> (P. N. 905, A. 946) Second Consideration Re-committed to House Appropriations Committee <b>Commission Letter</b> (P. N. 1230, A. 1025) <b>Commission Letter</b> (P. N. 1230, A. 1038) <b>Commission Letter</b> (P. N. 1230, A. 1039) <b>Commission Letter</b> (P. N. 1230, A. 1040) <b>Commission Letter</b> (P. N. 1230, A. 1081) <b>Commission Letter</b> (P. N. 1230, A. 1088) <b>Commission Letter</b> (P. N. 1230, A. 1103) <b>Commission Letter</b> (P. N. 1230, A. 1078) <b>Commission Letter</b> (P. N. 1230, A. 1197) <b>Commission Letter</b> (P. N. 1230, A. 1490) Re-reported as committed <b>Commission Letter</b> (P. N. 1230, A. 1051) <b>Commission Letter</b> (P. N. 1230, A. 1263) Amended and Passed House (201-0)	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 06/21/91 06/21/91 06/24/91 06/24/91 06/24/91 06/24/91 06/24/91 06/26/91 06/26/91 06/26/91

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bers 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 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 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 serv-

Referred to Senate Rules  
and Executive Nominations  
Committee 06/30/91  
Reported as committed 08/02/91  
Senate Non-concurred in  
House Amendments 08/02/91  
House Insisted upon its  
Amendments 08/02/91  
Referred to Conference  
Committee 08/03/91  
Reported as Amended 08/03/91  
Passed Senate (50-0) 08/03/91  
Passed House (202-0) 08/03/91  
Act 1991-23 08/05/91

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ice without suspension of annuity, counting less than ½ day as ½ 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 (See H. B. 318.)	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 (See H. B. 318.)	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 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 (See H. B. 315.)	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 (See H. B. 314.)	Referred to Senate Finance Committee	02/11/91
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

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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 (See S. B. 405.)	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 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 NO. (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 (See S. B. 405.)	Referred to Senate Finance Committee	03/15/91
S. B. 727 P. N. 2402 (Greenwood)	Public School Code of 1949, providing for collective bargaining, reimbursement on leases and debt, granting pupils the right to refuse to dissect, vivisect, or otherwise harm or destroy animals, and making a repeal, including prohibiting collective bargaining, mediation, or binding arbitration from creating, altering, or modifying PSERS benefits or retirement benefits or other compensation that modifies or supplements in any way the PSERS benefits	Referred to Senate Labor and Industry Committee Reported as committed Second Consideration Amended on Third Consideration Amended on Third Consideration Passed Senate (48-0) Referred to House Education Committee Reported as amended Re-referred to House Appropriations Committee Re-reported as amended Second Consideration Amended and Passed House (198-5) Referred to Senate Rules and Executive Nominations Committee Reported as committed Senate non-concurred in House Amendments (13-37) House insisted on House amendments Referred to Conference Committee Reported as amended Passed Senate (47-1) Passed House (195-3) Act 1992-88	03/18/91 06/12/91 06/18/91 07/08/91 10/15/91 10/16/91 10/22/91 11/26/91 12/09/91 12/09/91 12/09/91 12/11/91 01/07/92 03/31/92 04/01/92 05/05/92 05/05/92 06/23/92 06/29/92 06/29/92 07/09/92
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	03/19/91
S. B. 752 P. N. 1354 (Hart)	PMRS, extend to calendar years 1991, 1992, 1993, and 1994 the authority to use interest earnings to pay administrative expenses	Referred to Senate Local Government Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee <b>Actuarial Note (P. N. 797)</b> Re-reported as amended Passed Senate (45-0)	03/19/91 05/14/91 06/03/91 06/03/91 06/12/91 06/17/91 06/19/91

**BILL NUMBER**

**PRINTER'S No.**

**(PRIME SPONSOR)**

**SUBJECT**

**CONCISE HISTORY AND STATUS**

**DATE**

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Referred to House Local Government Committee	06/25/91
		Reported as committed	08/01/91
		Re-referred to House Appropriations Committee	08/02/91
		Re-reported as committed	11/26/91
		Passed House (193-0)	03/24/92
		Act 1992-12	04/03/92
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 Reported as committed <b>Actuarial Note (P. N. 837)</b> Laid on table Removed from table Second Consideration Passed Senate (49-0)	03/21/91 05/19/92 06/17/92 06/22/92 11/09/92 11/18/92 11/24/92
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 (See S. B. 405.)	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 (See S. B. 405.)	Referred to Senate Finance Committee	04/09/91
S. B. 898 P. N. 967 (Armstrong)	Special Ad Hoc Municipal Police and Fire-fighter 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 and some part of it in future years	Referred to Senate Finance Committee Reported as committed Re-referred to Senate Appropriations Committee <b>Actuarial Note (P. N. 967)</b>	04/09/91 03/31/92 04/06/92 04/22/92
S. B. 917 P. N. 2098 (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	Referred to Senate Finance Committee Reported as amended Amended on Second Consideration Passed Senate (32-16) Referred to House Appropriations Committee	04/09/91 03/31/92 04/06/92 04/07/92 05/05/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	exclude from the limitations expenditures for funding existing unfunded pension liabilities		
S. B. 945 P. N. 1016 (Fumo)	Special Ad Hoc Municipal Police and Fire-fighter 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 ½ the current salary being paid to nonuniformed employees of the highest pay grade (See H. B. 994.)	Referred to Senate Local Government Committee Reported as committed <b>Actuarial Note</b> (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 (See S. B. 405.)	Referred to Senate Finance Committee <b>Advisory Note</b> (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 Representatives regarding legislation containing certain mandates to local governments	Referred to Senate Rules and Executive Nominations Committee Reported as committed Second consideration Passed Senate (50-0) Referred to House Rules Committee Referred to Senate Community and Economic Development Committee	05/17/91 10/21/91 11/12/91 11/18/91 11/20/91 05/17/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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	Reported as committed Re-referred to Senate Appropriations Committee	11/19/91  11/25/91
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 and then not exceeding the retirement allowance, and prohibiting retirees reemployed on a part-time basis from being reinstated as a contributor and from receiving additional service credit for retirement purposes (See H. B. 1697.)	Referred to Senate Local Government Committee Reported as committed <b>Actuarial Note</b> (P. N. 1226) Re-referred to Senate Rules and Executive Nominations Committee Re-reported as amended Second Consideration Passed Senate (31-18) Referred to House Local Government Committee	05/20/91 06/26/91 09/11/91  11/25/91 11/26/91 12/09/91 12/10/91  01/07/92
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 07/23/91 07/23/91  07/24/91 07/25/91 08/01/91 08/02/91 08/04/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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 Re-reported as committed Passed Senate (50-0) Referred to House Appropriations Committee Reported as amended Second Consideration Passed House (197-1) Referred to Senate Rules and Executive Nominations Committee Reported as committed Senate Concurred in House Amendments (50-0) Act 1991-10A	06/05/91 06/10/91 06/10/91 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 08/02/91 08/02/91 08/02/91 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 Reported as committed Re-committed to Senate Intergovernmental Affairs Committee	06/17/91 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	Referred to Senate Labor and Industry Committee	07/15/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	employers concerning terms and conditions of employment including retirement and pension benefits and providing for mandatory arbitration		
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
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	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

**BILL NUMBER**  
**PRINTER'S No.**  
**(PRIME SPONSOR)**

**SUBJECT**

**CONCISE HISTORY AND STATUS**

**DATE**

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Re-reported as committed	12/09/91
		Second Consideration	12/09/91
		Passed House (201-0)	12/10/91
		Act 1991-42	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	10/15/91
		Reported as committed	10/22/91
		Second consideration	11/12/91
		Re-referred to Senate Appropriations Committee	11/12/91
		Re-reported as committed	11/18/91
		Passed Senate (50-0)	11/19/91
		Referred to House State Government Committee	11/25/91
		Reported as committed	11/26/91
		Re-referred to House Appropriations Committee	12/09/91
		Re-reported as committed	12/09/91
		Second Consideration	12/09/91
		Passed House (199-1)	12/10/91
		Act 1991-43	12/20/91
S. B. 1379 P. N. 2325 (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
		Reported as amended	02/04/92
		Second Consideration	03/11/92
		Re-referred to Senate Appropriations Committee	03/16/92
		Re-reported as amended	04/06/92
		Amended on Third Consideration	05/04/92
		Passed Senate (47-0)	05/05/92
		Referred to House Local Government Committee	05/11/92
		Reported as amended	06/10/92
		Re-referred to House Appropriations Committee	06/10/92
		Re-reported as committed	06/16/92
		Second Consideration	06/16/92
		Passed House (197-0)	06/29/92
		Referred to Senate Rules and Executive Nominations Committee	06/30/92
		Reported as committed	06/30/92
		Senate concurred in House Amendments (48-0)	06/30/92
		Act 1992-69	06/30/92
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 Finance Committee	11/12/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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. 2654 (Armstrong)	PSERS, and SERS; PSERS, permitting members serving as full-time officers of statewide employee organizations to remain active members as members on approved leave of absences provided the employee organizations reimburse the employers for all expenses and costs of the leaves including employer contributions to PSERS; SERS, permitting members serving as full-time officers of statewide employee organizations to remain active members as members on approved leave of absences provided the employee organizations reimburse the employers for all expenses and costs of the leaves including employer contributions to SERS, changing membership on SERS board from 2 members of each house of the General Assembly to 2 members or former members of each house with former members limited to a 2 year term, and 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 3 years and that the Public Employee Retirement Commission shall study the rate in 2 years and report to the Governor and General Assembly recommending a rate for the next 3 years	Referred to Senate Finance Committee Reported as amended Re-referred to Senate Appropriations Committee <b>Commission Letter</b> (P. N. 2062) Re-reported as committed Amended on Second Consideration Passed Senate (50-0) Referred to House State Government Committee Reported as committed Re-referred to House Appropriations Committee <b>Commission Letter</b> (P.N. 2327) Re-reported as amended Second Consideration Re-referred to House Appropriations Committee <b>Commission Letter</b> (P.N. 2327, A. 4172) <b>Commission Letter</b> (P.N. 2620, A. 4262) <b>Commission Letter</b> (P.N. 2620, A. 4445) <b>Commission Letter</b> (P.N. 2620, A. 4446) Re-reported as amended <b>Commission Letter</b> (P.N. 2620, A. 4240) Amended and Passed House. (190-3) Referred to Senate Rules and Executive Nominations Committee Reported as committed Senate concurred in House Amendments (49-0) Act 1992-112	11/18/91 03/31/92 04/06/92 04/08/92 06/01/92 06/10/92 06/15/92 06/17/92 09/29/92 09/29/92 11/13/92 11/18/92 11/18/92 11/18/92 11/18/92 11/23/92 11/23/92 11/24/92 11/24/92 11/24/92 11/25/92 11/25/92 11/25/92 11/25/92 11/25/92 11/25/92 11/30/92
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	Referred to Senate Labor and Industry Committee	12/04/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	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		
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
S. R. 127 P. N. 1852 (Shumaker)	Concurrent Resolution establishing a special commission to review legislative compensation and benefit levels of members of the General Assembly	Referred to Senate Rules and Executive Nominations Committee	01/13/92
S. B. 1522 P. N. 1858 (Greenleaf)	PSERS, making those annuitants eligible for coverage under the Health Insurance Premium Assistance Program who either have 24 1/2 or more eligibility points regardless of age or are 65 years of age or older with 15 or more eligibility points	Referred to Senate Finance Committee	01/27/92
S. R. 128 P. N. 1890 (Holl)	Resolution amending Senate Resolution No. 7, which created a Senate Task Force to investigate and recommend ways to attract and retain volunteer fire, ambulance, and rescue personnel, extending the reporting deadline to November 30, 1992	Referred to Senate Rules and Executive Nominations Committee Reported as committed Adopted	02/04/92 02/10/92 02/11/92
S. B. 1560 P. N. 1925 (Greenleaf)	SERS, adding a section 5711 to provide \$55 a month as health insurance premium assistance to annuitants who are 65 years of age or older, have 15 or more eligibility points, and are not enrolled in the Commonwealth sponsored health insurance plan	Referred to Senate Finance Committee	02/25/92
S. B. 1564 P. N. 1929 (Bell)	Tax Reform Code of 1971, amending section 2111 to make payments under individual retirement accounts, individual retirement annuities, or individual retirement bonds exempt from inheritance tax	Referred to Senate Finance Committee	02/25/92
S. B. 1607 P. N. 1980 (Reibman)	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 Senate Finance Committee	03/16/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 1671 P. N. 2090 (Punt)	Act retroactively requiring the Commonwealth to pay the Blue Shield portion of Basic Health Coverage for all current Commonwealth annuitants who elected this option, and to pay the basic cost of Medicare Part B or another comprehensive health insurance program for Commonwealth annuitants who enrolled in this as a result of the withdrawal of the option to remain in the Blue Shield portion of Basic Health Coverage	Referred to Senate Finance Committee	04/06/92
S. B. 1677 P. N. 2109 (Corman)	Municipal Police Pension Law, excluding from compensation, when used as the basis for member contributions, overtime for which the municipality is paid a fee, severance payments, or payments for unused annual, personal, sick, or vacation leave, and leaving the remainder of the definition to collective bargaining	Referred to Senate Local Government Committee	04/13/92
S. B. 1686 P. N. 2118 (Williams)	Housing Authorities Law, various amendments, including creating a two individual pension board, one elected by the authority employees and the other by the tenants, neither of whom may be an employee, member, or administrator of the authority	Referred to Senate Urban Affairs and Housing Committee	04/13/92
S. B. 1715 P. N. 2609 (Fisher)	Port of Pittsburgh Commission Act, repealing existing act and adopting a new act under which the Commission is an agency of the Commonwealth with the power to set up a retirement or pension fund or any other employee benefit arrangement for its employees including enrollment in SERS	Referred to the Senate Intergovernmental Affairs Committee Reported as committed Second Consideration Passed Senate (48-0) Referred to House Local Government Committee Reported as committed Re-referred to House Appropriations Committee Re-reported as amended Second Consideration Passed House (198-0) Referred to Senate Rules and Executive Nominations Committee Reported as committed Senate concurred in House Amendments (49-0) Act 1992-133	05/11/92 05/12/92 05/18/92 05/19/92 05/20/92 06/10/92 06/16/92 11/17/92 11/17/92 11/18/92 11/24/92 11/24/92 11/24/92 12/14/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
S. B. 1730 P. N. 2208 (Greenleaf)	Tax Reform Code of 1971, making pension plan contributions special deductions in determining taxable income	Referred to Senate Finance Committee	05/18/92
S. B. 1787 P. N. 2277 (Dawida)	Second Class County Code, adding prison guards to the sheriff and sheriff's deputies as those permitted to retire with 20 years of service at age 55	Referred to Senate Local Government Committee Reported as committed Laid on the table <b>Actuarial Note</b> (P. N. 2277) Removed from the table Second Consideration Passed Senate (47-0) Referred to House Local Government Committee Reported as committed Re-referred to House Appropriations Committee Re-reported as committed Second Consideration Passed House (192-0) Act 1992-121	05/22/92 06/09/92 07/01/92 10/01/92 11/09/92 11/10/92 11/16/92 11/17/92 11/17/92 11/18/92 11/18/92 11/18/92 11/23/92 12/04/92
S. B. 1790 P. N. 2640 (Mellow)	PSERS, permit certain active members who have attained age 55 and terminate service after 06/30/92 and before 09/01/93 to receive an additional 10% service credit	Referred to Senate Finance Committee Reported as amended Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Amended and Passed Senate (49-0) Referred to House Education Committee Reported as amended Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 2503) Re-reported as committed Second Consideration <b>Commission Letter</b> (P.N. 2503, A. 4018) Amended and Passed House (189-6) Referred to Senate Rules and Executive Nominations Committee Reported as amended Senate concurred in House Amendments as amended in the Senate (49-0) House concurred in Senate Amendments (185-9)	06/02/92 06/29/92 06/30/92 06/30/92 06/30/92 07/01/92 07/02/92 09/23/92 09/30/92 10/01/92 11/16/92 11/16/92 11/17/92 11/17/92 11/18/92 11/24/92 11/24/92 11/25/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		House reconsidered vote and concurred in Senate Amendments (185-8)	11/25/92
		House concurred in Senate Amendments to House Amendments (182-8)	11/25/92
		Act 1992-186	12/22/92
S. B. 1816 P. N. 2334 (Tilghman)	PSERS, permitting members who retired after 05/31/91 and before 11/03/92 also to purchase service credit for a pre 05/17/75 required maternity leave of absence	Referred to Senate Finance Committee	06/12/92
S. B. 1878 P. N. 2453 (Hart)	PSERS, increasing the basic contribution rate for members by 0.25% effective July 1, 1992, to be used to fund the health insurance premium assistance program and requiring that future increases in the program contributions be made on an equal basis between the Commonwealth and employer contributions and member contributions	Referred to Senate Finance Committee	07/08/92
S. B. 1885 P. N. 2460 (Rhoades)	Constitution of Pennsylvania, amending section 31 of article 3 to authorize the General Assembly to enact statutes providing for compulsory arbitration between teachers in a bargaining unit and their public employers	Referred to Senate Education Committee	07/08/92
S. B. 1920 P. N. 2498 (Salvatore)	PSERS, further defining "maternity leave of absence" to include an involuntary leave of absence required by the employer because of an adoption by the member and commencing before May 17, 1975	Referred to Senate Finance Committee	09/15/92
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 Second Consideration Passed House (106-87) Referred to Senate Labor and Industry Committee	01/15/91 01/28/91 01/28/91 01/29/91 01/29/91 01/30/91 02/01/91

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H. B. 106 P. N. 2987 (Rudy)	SERS, providing for purchase of not more than 3 years of service credit for service in the United States Peace Corps provided the service was at least 2 years and permitting multiple purchases of service credit for nonintervening military service	Referred to House State Government Committee <b>Advisory Note</b> (P. N. 103) Reported as amended Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P.N. 2987)	01/29/91 05/15/91 01/28/92 02/03/92 03/11/92
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 Government 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 04/17/91 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 06/04/91 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 May 17, 1975, an approved leave of absence, providing for the purchase of service credit for up to 2	Referred to House Education Committee Reported as amended Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 466)	02/04/91 03/11/91 03/13/91 04/16/91

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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 1/2 a day as 1/2 a day (See S. B. 405.)

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  
Reported as committed 03/16/92  
Re-committed to House  
Appropriations Committee 03/23/92

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  
**Advisory Note** (P. N. 298) 08/11/92

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 02/06/91  
Reported as committed 03/11/91  
Re-committed to House  
Appropriations Committee 03/13/91  
**Commission Letter**  
(P. N. 328) 03/26/91

**BILL NUMBER**  
**PRINTER'S No.**  
**(PRIME SPONSOR)**

**SUBJECT**

**CONCISE HISTORY AND STATUS**

**DATE**

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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 Re-committed to House Appropriations Committee Re-reported as committed Second Consideration Passed House (121-75) Referred to Senate State Government Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Passed Senate (42-6) Act 1992-42	02/06/91 10/07/91 10/15/91 03/23/92 03/23/92 03/31/92 04/07/92 05/05/92 05/11/92 05/11/92 05/13/92 05/19/92 05/28/92
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 Re-committed to House Appropriations Committee Re-reported as committed Second Consideration Passed House (126-71) <b>Commission Letter</b> (P. N. 331) Referred to Senate Education Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Passed Senate (42-6) Act 1992-43	02/06/91 11/19/91 12/09/91 03/23/92 03/23/92 03/31/92 04/01/92 04/07/92 05/11/92 05/12/92 05/12/92 05/13/92 05/19/92 05/28/92
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 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. 3384 (Murphy)	Act regulating deposits of State funds, placing limitations on investments in companies doing business in or with	Referred to House State Government Committee Reported as committed	02/06/91 10/07/91

## BILL NUMBER

## PRINTER'S No.

## (PRIME SPONSOR)

## SUBJECT

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## DATE

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	Northern Ireland for all Commonwealth funds, PMRS, and all local government retirement systems	Re-committed to House Appropriations Committee Re-reported as committed Second Consideration Amended and Passed House (126-71) Referred to Senate State Government Committee Reported as committed Second Consideration Re-referred to Senate Appropriations Committee Re-reported as committed Passed Senate (42-6) Act 1992-44	10/15/91 03/23/92 03/23/92 03/31/92 04/07/92 05/05/92 05/11/92 05/11/92 05/13/92 05/19/92 05/28/92
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 to 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 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
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

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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 9/30/92 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 (See S. B. 405.)	Referred to House State Government Committee <b>Actuarial Note</b> (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

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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 <b>Actuarial Note</b> (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 (See S. B. 405.)	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	Referred to House State Government Committee <b>Advisory Note</b> (P. N. 659)	03/12/91 07/18/91

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	insurance premiums for eligible annuitants and providing for the contributions by employers and members into this account (See S. B. 405.)		
H. B. 611 P. N. 4268 (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, extending enforcement powers of liquor control officers, and providing for the binding effect of opinions of the office of chief counsel for the Pennsylvania State Police	Referred to House Liquor Control Committee Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 614) Re-reported as committed Second Consideration Re-committed to House Appropriations Committee Re-reported as committed Passed House (192-1) Referred to Senate Law and Justice Committee Reported as amended Second Consideration Re-referred to Senate Appropriations Committee Re-reported as amended Passed Senate (48-1) House non-concurred in Senate amendments (97-97) House reconsidered vote and non-concurred in Senate amendments (98-93)	03/11/91 03/18/91  04/02/91 04/16/91 05/29/91 05/29/91  06/03/91 03/09/92 03/11/92  03/18/92 06/24/92 06/29/92  06/29/92 11/25/92 11/25/92  11/25/92 11/25/92
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. 732 P.N. 4134 (Levdansky)	The Third Class City Code, permitting the sale of property to certain for profit and not for profit entities without bidding and selling to the highest bidder and permitting 12-year vesting of proportional benefit in firefighters' retirement systems	Referred to House Urban Affairs Committee Reported as amended Re-committed to House Rules Committee Re-reported as committed Second Consideration	03/13/91 06/17/91 06/17/91 06/24/91 06/24/91

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		Passed House (195-0)	06/28/91
		Referred to Senate Local Government Committee	07/01/91
		Reported as committed	06/09/92
		Re-referred to Senate Rules and Executive Nominations Committee	07/01/92
		<b>Commission Letter</b> (P.N. 2013 as amended by H.B. 2857, P.N. 3823)	11/12/92
		Re-reported as amended	11/16/92
		Second Consideration	11/23/92
H. B. 738 P. N. 815 (Michlovic)	SERS, amending the definition of "Correc- tion Officer" to include a full-time em- ployee assigned to the Department of Corrections or Public Welfare who is vested by written policy or through routine prac- tice with the responsibility for the direct care, custody and control of inmates of a penal or correctional institution, commu- nity treatment center, forensic unit in a State hospital or secure unit of a youth de- velopment center operated by one of the departments, including correctional coun- selor, drug and alcohol treatment special- ist, psychological services associate, psy- chologist, social worker, and youth devel- opment counselor (See S. B. 405.)	Referred to House State Government Committee	03/13/91
H. B. 754 P. N. 831 (Withdraw)	Act regarding injury to certain correc- tional, mental health, and public welfare employees, adding certain employees of the Board of Probation and Parole to cov- ered employees and providing that survi- vor spouses and minor dependents of em- ployees dying of specified injuries be paid benefits equal to 100% of the full salary of the de- ceased employee decreased for benefits paid under SERS	Referred to House Health and Welfare Committee Reported as committed Re-committed to House Appropriations Committee Re-reported as committed Second Consideration Third Consideration Re-committed to House Appropriations Committee Re-reported as committed Laid on the table	03/13/91 06/04/91 10/15/91 05/12/92 05/12/92 06/10/92 06/10/92 06/16/92 09/21/92
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 survi- vor annuitants of deceased annuitants before July 2, 1987, and making the amortization payment a level annual payment over 20 years beginning Janu- ary 1, 1992	Referred to House State Government Committee	03/13/91

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<p>H. B. 804 P. N. 2441 (Wambach)</p>	<p>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</p>	<p>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</p>	<p>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  08/03/91  08/14/91</p>
<p>H. B. 825 P. N. 908 (Veon)</p>	<p>PSERS, increasing from 1 to 2 the number of annuitants on the board elected by annuitants</p>	<p>Referred to House Education Committee  Reported as committed  Re-committed to House Appropriations Committee  <b>Commission Letter</b>  (P. N. 908)  <b>Commission Letter</b>  (P. N. 908)</p>	<p>03/18/91  05/04/92  05/06/92  05/07/92  05/07/92</p>
<p>H. B. 835 P. N. 918 (Itkin)</p>	<p>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</p>	<p>Referred to House Finance Committee</p>	<p>03/18/91</p>
<p>H. B. 993 P. N. 2015 (Cappabianca)</p>	<p>Third Class City Port Authority Act, authorizing port authorities in cities of the third class to appoint police officers</p>	<p>Referred to House Urban Affairs Committee  Reported as amended  Re-committed to House Appropriations Committee  Re-reported as committed  Second Consideration  Passed House (187-0)  Referred to Senate Local Government Committee</p>	<p>04/03/91  06/17/91  10/15/91  03/09/92  03/09/92  03/23/92  03/25/92</p>

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<p>H. B. 994  P. N. 3635  (Cappabianca)</p>	<p>Cities of the third class optional retirement systems for nonuniformed employees, adding a retiree to the board to be appointed in the strong-mayor form by the mayor and confirmed by the council, in the council-manager form by the manager and confirmed by the council, and in all other cases by majority vote of the council but in all cases when a retiree association exists the appointing authority accepting the nomination of the association, permitting adjustments in benefits to reflect increase in cost-of-living but limiting the total allowance to not more than one-half of current salary being paid to nonuniformed employees of highest pay grade, providing for 12-year vesting, and permitting employees of municipal water authority created by a city and commencing operation after September 30, 1991, who formerly were city employees to elect to retain their memberships in the system</p>	<p>Referred to House Urban Affairs Committee  Reported as amended  Re-committed to House Appropriations Committee  <b>Actuarial Note</b> (P. N. 2016)  Re-reported as amended  Second Consideration  Amended and Passed House (203-0)  Referred to Senate Local Government Committee  Reported as amended  <b>Actuarial Note</b> (P. N. 3064)  Re-referred to Senate Appropriations Committee  <b>Commission Letter</b> (P. N. 2891, A. 415)  <b>Commission Letter</b> (P. N. 3064, A. 757)  Re-reported as committed  Amended on Second Consideration  Passed Senate (48-0)  House concurred in Senate Amendments (192-0)  Act 1992-49</p>	<p>04/03/91  06/17/91  10/15/91  11/13/91  11/26/91  11/26/91  12/11/91  12/26/91  02/04/92  03/11/92  03/17/92  03/17/92  03/26/92  05/12/92  05/18/92  05/19/92  06/03/92  06/11/92</p>
<p>H. B. 1007  P. N. 1134  (Veon)</p>	<p>The Third Class City Code, repealing requirement for council approval of purchases of service credit for nonintervening military service by police officers and firefighters</p>	<p>Referred to House Urban Affairs Committee  Reported as committed  <b>Actuarial Note</b> (P. N. 1134)  Re-committed to House Appropriations Committee</p>	<p>04/03/91  06/17/91  09/11/91  10/15/91</p>
<p>H. B. 1037  P. N. 1174  (Carn)</p>	<p>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</p>	<p>Referred to House Insurance Committee</p>	<p>04/08/91</p>
<p>H. B. 1048  P. N. 1191  (Herman)</p>	<p>SERS, permitting purchase of service credit for service with another state government and making the permission retroactive to March 1, 1991</p>	<p>Referred to House State Government Committee</p>	<p>04/09/91</p>
<p>H. B. 1067  P. N. 1210  (Belfanti)</p>	<p>SERS, increasing the amount that may be invested in venture capital investments from 1% to 2% of the book value of the assets (S. B. 405.)</p>	<p>Referred to House Appropriations Committee</p>	<p>04/09/91</p>

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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 <b>Actuarial Note</b> (P. N. 1212)	04/09/91 06/17/91 10/15/91 03/11/92
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 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. 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. 3768 (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 Committee Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 1306) Re-reported as committed	04/16/91 06/17/91 10/15/91 11/13/91 03/09/92

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		Second Consideration	03/09/92
		Passed House (194-0)	03/17/92
		Referred to Senate Local Government Committee	03/18/92
		Reported as committed	05/19/92
		<b>Commission Letter )</b> (P. N. 1306)	06/03/92
		Amended on Second Consideration	06/10/92
		Passed Senate (49-0)	06/16/92
		House Concurred in Senate Amendments (194-0)	06/23/92
		Act 1992-74	07/01/92
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	04/17/91
		Reported as committed	05/08/91
		Re-committed to House Appropriations Committee	05/14/91
		<b>Actuarial Note</b> (P. N. 1323)	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	04/17/91
		Reported as committed	06/17/91
		Re-committed to House Appropriations Committee	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

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H. B. 1213 P. N. 1387 (Van Horne)	Second Class City (Pittsburgh 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 Urban Affairs Committee Reported as committed Re-referred to House Local Government Committee Re-reported as committed Re-committed to House Appropriations Committee <b>Commission Letter</b> (P. N. 1387)	04/22/91 06/17/91 06/17/91 06/25/91 10/15/91 11/04/91
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 <b>Commission Letter</b> (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 <b>Commission Letter</b> (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 <b>Commission Letter</b> (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 <b>Commission Letter</b> (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 <b>Commission Letter</b> (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 Mu-	Referred to House Urban Affairs Committee Reported as committed	04/22/91 06/17/91

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	municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Re-reported as committed Re-committed to House Appropriations Committee <b>Commission Letter</b> (P.N. 1393)	06/17/91 06/25/91 10/15/91 11/04/91
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, health, 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 <b>Commission Letter</b> (P.N. 2135) Re-reported as amended Second Consideration Amended and Passed House (122-76) Referred to Senate Local Government Committee Reported as committed Second Consideration Passed Senate (44-5) Act 1992-157)	04/22/91 06/25/91 10/15/91 11/04/91 11/20/91 11/20/91 11/26/91 12/10/91 11/16/92 11/17/92 11/24/92 12/16/92
H. B. 1221 P. N. 4256 (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, providing that boroughs incurring debt to manufacture or purchase electricity must do so under the Local Government Unit Debt Act, and clarifying that the code provisions regarding manufacture and purchase of electricity do not disallow a borough from operating a cable television system	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee <b>Commission Letter</b> (P.N. 1395) Re-reported as amended Second Consideration Passed House (127-71) Referred to Senate Local Government Committee Reported as committed Second Consideration Amended on Third Consideration Passed Senate (45-4) House concurred in Senate amendments (163-31) Act 1992-158	04/22/91 06/25/91 10/15/91 11/04/91 11/20/91 11/20/91 11/26/91 12/10/91 11/16/92 11/17/92 11/24/92 11/25/92 11/25/92 12/16/92
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 <b>Commission Letter</b> (P.N. 1396)	04/22/91 06/25/91 10/15/91 11/04/91

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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 <b>Commission Letter</b> (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, health, 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 <b>Commission Letter</b> (P.N. 1398) Re-reported as amended Second Consideration Passed House (126-70) Referred to Senate Local Government Committee Reported as committed Second Consideration Passed Senate (43-6) Act 1992-159	04/22/91 06/25/91 10/15/91 11/04/91 11/20/91 11/20/91 11/26/91 12/10/91 11/16/92 11/17/92 11/24/92 12/16/92
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 Funding Standard and Recovery Act (Act 1984-205)	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee <b>Commission Letter</b> (P.N. 1399)	04/22/91 06/25/91 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 <b>Commission Letter</b> (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 <b>Commission Letter</b> (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	04/22/91 06/25/91 10/15/91

## BILL NUMBER

## PRINTER'S No.

## (PRIME SPONSOR)

## SUBJECT

## CONCISE HISTORY AND STATUS

## DATE

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		<b>Commission Letter</b> (P.N. 1402)	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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1403)	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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1404)	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 Appropriations Committee	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1405)	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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1406)	11/04/91
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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1407)	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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1408)	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	04/22/91 06/25/91

**BILL NUMBER**  
**PRINTER'S No.**  
**(PRIME SPONSOR)**

**SUBJECT**

**CONCISE HISTORY AND STATUS**

**DATE**

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Re-committed to House Appropriations Committee	10/15/91
		<b>Commission Letter</b> (P.N. 1409)	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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1410)	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	04/22/91 06/25/91 10/15/91
		<b>Commission Letter</b> (P.N. 1411)	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. 3866 (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 but more than 3,500 and providing that any city operating under a home rule charter or optional plan of government retains that form until amended or repealed under the Home Rule Charter and Optional Plans Law	Referred to House Urban Affairs Committee Reported as committed Second Consideration Amended and Passed House (193-0) Referred to Senate Local Government Committee Reported as committed Second Consideration Amended on Third Consideration Amended on Third Consideration Passed Senate (48-0) Referred to House Rules Committee Reported as committed Reverted to Printer's Number 3866 House concurred in Senate amendments as amended by House (198-0) Referred to Senate Rules and Executive Nominations Committee Reported as committed	05/06/91 11/19/91 12/10/91 02/03/92 02/10/92 06/09/92 06/22/92 06/23/92 06/29/92 06/30/92 07/02/92 10/05/92 11/16/92 11/16/92 11/17/92 11/25/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Senate concurred in House amendments (49-0) Act 1992-126	11/25/92 12/04/92
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
H. B. 1323 P. N. 3833 (Evans)	SERS, Fiscal Year 92-93 appropriations bill of \$13,830,000	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 Re-reported as amended Passed Senate (48-0) House concurred in Senate Amendments (194-1) Act 1992-9A	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 06/22/92 06/23/92 06/29/92 06/30/92
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 (See H. B. 994.)	Referred to House Urban Affairs Committee Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (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 S. B. 405.)	Referred to House Education Committee	05/28/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 1488 P. N. 1737 (Reber)	Special Ad Hoc Municipal Police and Fire-fighter 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
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 non-school service for which service credit may be purchased and giving former	Referred to House State Government Committee	06/17/91

## BILL NUMBER

## PRINTER'S No.

## (PRIME SPONSOR)

## SUBJECT

## CONCISE HISTORY AND STATUS

## DATE

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	Commonwealth employees 3 years rather than 30 days of entering PSERS membership within which to elect multiple service membership		
H. B. 1689 P. N. 3973 (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 <b>Advisory Note</b> (P. N. 1998) Reported as amended Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 3973)	06/17/91 04/02/92 09/21/92 09/30/92 11/10/92
H. B. 1697 P. N. 3637 (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 1,000 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 <b>Actuarial Note</b> (P.N. 2021) Re-reported as amended Second Consideration Passed House (195-0) Referred to Senate Local Government Committee Reported as amended <b>Commission Letter</b> (P. N. 3637) Second Consideration Passed Senate (49-0) House concurred in Senate Amendments (196-0) Act 1992-80	06/18/91 06/25/91 10/15/91 11/13/91 02/11/92 02/11/92 03/11/92 03/18/92 05/19/92 06/03/92 06/08/92 06/16/92 06/23/92 07/02/92
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
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

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
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 position unless the individual remains in that position for 12 months and prohibiting arbitration awards from determining SERS pension rights	Referred to House State Government Committee	07/02/91
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 an-	Referred to House State Government Committee	07/02/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	nuities 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		
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 S. B. 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 S. B. 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 Reported as committed Re-committed to House Appropriations Committee	07/11/91 02/11/92 03/10/92
H. B. 1931 P. N. 2326 (Flick)	The Second Class Township Code, permitting special real property and occupation tax for fire apparatus and fire compa-	Referred to House Local Government Committee	07/22/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	nies to be used to pay the salary, benefits, and other expenses of necessary personnel		
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	Referred to House State Government Committee	11/12/91

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	compensation or benefits or pensions to be funded in accordance with an accepted advance funding actuarial method		
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 <b>Advisory Note</b> (P. N. 2640) Report as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 2640)	11/12/91 03/27/92 04/06/92 05/12/92 06/17/92
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 Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 2770) <b>Actuarial Note</b> (P. N. 2770, A 3491)	11/20/91 03/25/92 03/31/92 10/01/92 10/01/92
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	Referred to House State Government Committee	12/10/91

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**DATE**

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
	date and laws adopted to require funding of pension benefits existing on the effective date, among other exemptions		
H. B. 2288 P. N. 2991 (Trello)	Second Class County Code, providing for a supplemental retirement benefit for firefighters in Allegheny County	Referred to House Local Government Committee Reported as amended Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 2991)	01/07/92 01/28/92 02/03/92 04/22/92
H. B. 2289 P. N. 2907 (Trello)	Municipal Pension Plan Funding Standard and Recovery Act (Act 1984-205), providing for general municipal pension system State aid for paid firefighters in counties of the second class and for actuarial valuation reporting by eligible recipient counties	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee <b>Commission Letter</b> (P. N.2907)	01/07/92 01/28/92 02/03/92 02/13/92
H. B. 2304 P. N. 2934 (Herman)	PSERS and SERS, amending Act 112 of 1988, to make the authorization to purchase service credit in the SERS for Cadet Nurse Corps service retroactive to January 1, 1987	Referred to House State Government Committee	01/22/92
H. B. 2305 P. N. 2935 (Herman)	PSERS and SERS, amending Act 23 of 1991, to make the authorization to purchase service credit in the PSERS for Cadet Nurse Corps service retroactive to January 1, 1987	Referred to House State Government Committee	01/22/92
H. B. 2317 P. N. 2950 (Gerlach)	The Third Class City Code, requiring that when a police officer terminates service before vesting and withdraws the total amount of the officer's contribution to the police officer pension trust fund, the refund also shall include interest earned at the legal rate	Referred to House Urban Affairs Committee	01/27/92
H. B. 2390 P. N. 4269 (Wambach)	The Administrative Code of 1929, amending section 529, which permits survivor-spouses of SERS annuitants to elect to continue coverage under the medical, major medical, and hospitalization insurance coverage to which the SERS annuitant had converted, to apply to all survivor-spouses regardless of when they attained such status, and repealing section 16 of Act 35 of 1991, that made section 529 applicable only to survivor-spouses who attained such status subsequent to October 13, 1991	Referred to House Insurance Committee Reported as committed Re-committed to House Appropriations Committee Re-reported as amended Second Consideration Passed House (195-0) Referred to Senate Finance Committee Reported as amended Second Consideration Re-referred to Senate Appropriations Committee Re-reported as amended	02/04/92 04/07/92 05/05/92 06/22/92 06/22/92 06/24/92 06/24/92 11/17/92 11/18/92 11/18/92 11/25/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
		Passed Senate (49-0) House concurred in Senate amendments (171-20) Act 1992-183	11/25/92 11/25/92 12/18/92
H. B. 2398 P. N. 3073 (Cawley)	Act directing the Local Government Commission to codify the laws governing cities of the second class A (Scranton)	Referred to House Local Government Committee	02/05/92
H. B. 2424 P. N. 3190 (Pitts)	Constitution of Pennsylvania; adding sections 18, 19, and 20 to article 8, providing for tax increase limitations and spending limitations on the Commonwealth and its political subdivisions but exempting costs arising from mandated increases in retirement costs and requiring full advance funding under an actuarial cost method for new or improved retirement benefits and full funding by Commonwealth of imposed new and increased levels of service by local governments	Referred to House Appropriations Committee	03/09/92
H. B. 2429 P. N. 3142 (Kukovich)	SERS, providing an ad hoc postretirement adjustment in 1993 of \$2 x years of credited service + \$1 x number of years on retirement to annuitants who began receiving benefits before July 2, 1991	Referred to House State Government Committee <b>Advisory Note</b> (P. N. 3142) Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 3142)	03/09/92 07/22/92 09/21/92 09/30/92 11/10/92
H. B. 2447 P. N. 3175 (Mayernik)	The Administrative Code of 1929, adding section 501.1 requiring commissions, boards, agencies, and authorities with General Assembly members not to conduct business during the time the General Assembly is in session or outside of Harrisburg on a day the General Assembly is in session	Referred to House State Government Committee	03/10/92
H. B. 2462 P. N. 3200 (Daley)	SERS, increasing ad hoc postretirement adjustments to annuitants from 5% to 10% of the first \$12,000 of annuity for those retiring 07/01/77 through 06/30/78, from 10% to 15% for those retiring from 07/01/76 through 06/30/77, from 13% to 18% for those retiring from 07/01/75 through 06/30/76, from 20% to 25% for those retiring from 07/01/74 through 06/30/75, from 27% to 32% for those retiring from 03/01/74 through 06/30/74, and 36% to those retiring before 03/01/74	Referred to House State Government Committee	03/11/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 2472 P. N. 3209 (Saloom)	Act requiring the Commonwealth, retroactive to July 1, 1991, to provide the Blue Shield portion of Basic Health Coverage to all current Commonwealth annuitants who elected the option to retain the Blue Shield portion of Basic Health Coverage, basic Medicare Part B to Commonwealth annuitants enrolled in Medicare Part B or comprehensive health insurance as a result of the change in medical insurance coverage for retirees	Referred to House State Government Committee	03/11/92
H. B. 2524 P. N. 3282 (Veon)	SERS, including parole agent supervisors within the definition of enforcement officer	Referred to House State Government Committee	03/18/92
H. B. 2525 P. N. 3283 (Veon)	PSERS, providing an ad hoc postretirement adjustment in 1993 of \$2 x years of credited service + \$2 x number of years on retirement + 2% of the sum of these two to annuitants who was receiving benefits before July 2, 1991	Referred to House Education Committee	03/18/92
H. B. 2530 P. N. 3294 (Nailor)	Act restricting termination of the option to continue the Blue Shield portion of Basic Health Coverage in lieu of Medicare Part B to those retiring after June 30, 1992, and requiring the Commonwealth to pay the premium and penalty of annuitant who retired prior to July 1, 1992, and enrolled in Medicare Part B as a result of the termination of the option to retain the Blue Shield portion	Referred to House State Government Committee	03/23/92
H. B. 2549 P. N. 3330 (Caltagirone)	The Third Class City Code, amending police officer retirement system provisions to provide for 12 year vesting for firefighters	Referred to the House Urban Affairs Committee	03/25/92
H. B. 2614 P. N. 3408 (Gamble)	Volunteer Firemen's Relief Association Act, providing specific examples of permitted purchases, for cooperation agreements, and for money purchase deferred benefit plans	Referred to House Local Government Committee Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note (P. N. 3408)</b>	04/06/92 04/07/92 05/05/92 06/17/92
H. B. 2630 P. N. 3641 (Gallen)	Public Employee Relations Act, prohibiting strikes by public employees and employee organizations	Referred to House Labor Relations Committee	05/04/92

BILL NUMBER PRINTER'S No. (PRIME SPONSOR)	SUBJECT	CONCISE HISTORY AND STATUS	DATE
H. B. 2700 P. N. 3557 (Piccola)	The Administrative Code of 1929, adding an Article 28-D that would be similar to the Sunset Act and that, among other things, fixes the sunset date for the Municipal Employee Pension Advisory Committee at 12/31/93 and for the Municipal Pension Advisory Committee and the Public Employee Retirement Commission at 12/31/01	Referred to House State Government Committee	05/11/92
H. B. 2701 P. N. 3552 (Evans)	PSERS, Fiscal Year 1992-93 appropriations bill of \$18,282,000	Referred to House Appropriations Committee Reported as committed Second Consideration Passed House (189-5) Referred to Senate Appropriations Committee Reported as committed Second Consideration Passed Senate (48-0) Act 1992-7A	05/06/92 05/12/92 05/13/92 05/19/92 05/22/92 06/01/92 06/02/92 06/03/92 06/18/92
H. B. 2702 P. N. 3804 (Evans)	PSERS, changing the amortization payment periods from 20 to 30 years	Referred to House Appropriations Committee Reported as committed Second Consideration Passed House (200-0) Referred to Senate Appropriations Committee Reported as amended Second Consideration Passed Senate (48-0) Referred to House Rules Committee Reported as amended Re-committed to House Rules Committee	05/06/92 05/12/92 05/13/92 05/19/92 05/22/92 06/01/92 06/02/92 06/03/92 06/08/92 06/16/92 10/05/92
H. B. 2715 P. N. 3575 (Heckler)	Family Court Judges' Commission Act, creating a Family Court Judges' Commission and, among other things, making its assistants, clerks, and stenographers eligible to apply for membership in the SERS	Referred to House Judiciary Committee	05/12/92
H. B. 2723 P. N. 3596 (McCall)	SERS, permitting the purchase of service credit by an officer of the Pennsylvania State Police, officer of the Capital Police, or investigator employed by the Attorney General for service as a law enforcement officer for any Pennsylvania municipality	Referred to House State Government Committee <b>Advisory Note</b> (P. N. 3596) Reported as committed Re-committed to House Appropriations Committee <b>Actuarial Note</b> (P. N. 3596)	05/18/92 07/01/92 09/21/92 09/30/92 11/10/92

**BILL NUMBER**  
**PRINTER'S No.**  
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**SUBJECT**

**CONCISE HISTORY AND STATUS**

**DATE**

H. B. 2778 P. N. 3673 (Herman)	PSERS, 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 of service during the period 01/01/93 through 06/30/93 and making payments to amortize the increased unfunded actuarial accrued liability a uniform annual dollar amount over the 10 year period beginning 07/01/93	Referred to House State Government Committee	05/20/92
H. B. 2804 P. N. 3859 (Kasunic)	PSERS, permit certain active members who have attained age 55 and terminate service after 07/31/92 and before 08/01/93 to receive credit for an additional 10% service credit	Referred to House Education Committee Reported as committed Second Consideration Re-committed to House Appropriations Committee Re-reported as committed <b>Actuarial Note</b> (P. N. 3715) Amended and Passed House (188-6) Referred to Senate Finance Committee	06/03/92 06/09/92 06/15/92 06/15/92 06/16/92 06/17/92 06/23/92 06/24/92
H. R. 339 P. N. 3722 (Carone)	Establishes a special commission to review legislative compensation and benefit levels of members of the General Assembly	Referred to House Rules Committee	06/03/92
H. B. 2821 P. N. 3752 (Kaiser)	Second Class County Code, permits Allegheny County prison guards voluntarily to retire and receive a full retirement allowance at age 55 or older with 20 or more years of service (See S. B. 1787.)	Referred to House Local Government Committee	06/10/92
H. B. 2854 P. N. 3815 (Lescovitz)	Act prohibiting compensation change during a municipal official's term	Referred to House Local Government Committee	06/17/92
H. B. 2857 P. N. 3823 (Jadlowiec)	The Third Class City Code, providing for 12 year vesting for firefighters	Referred to House Local Government Committee <b>Commission Letter</b> (P. N. 3823)	06/22/92 11/12/92
H. B. 2911 P. N. 3947 (Broujos)	Act of March 30, 1811, adding local authorities to local governments permitted to establish deferred compensation plans for their employees	Referred to House Labor Relations Committee	07/02/92
H. B. 2936 P. N. 3994 (Cessar)	Second Class County Port Authority Act, repealing old Act, enacting new Act, creating authority, and granting authority right and power to continue any existing insur-	Referred to House Transportation Committee	09/23/92

**BILL NUMBER****PRINTER'S No.****(PRIME SPONSOR)****SUBJECT****CONCISE HISTORY AND STATUS****DATE**

<b>BILL NUMBER</b>	<b>PRINTER'S No.</b>	<b>(PRIME SPONSOR)</b>	<b>SUBJECT</b>	<b>CONCISE HISTORY AND STATUS</b>	<b>DATE</b>
			ance, pension or retirement system or to set up a retirement or pension fund		
H. B. 3023	P. N. 4152	(B. Smith)	SERS, permitting retirees who retired after 12/31/83 to purchase service credit for non-intervening military service that is the basis for benefits in another governmental retirement system provided the purchase is made within one year after the effective date of the amendment	Referred to House State Government Committee	11/17/92
H. B. 3049	P. N. 4178	(Hanna)	Constitution of Pennsylvania, amending section 16(b) of article 5 to provide for uniform pensions for each class of justices, judges, and justices of the peace, for prospectively establishing differing retirement benefits for these individuals, and for prospectively modifying retirement benefits for these individuals	Referred to House State Government Committee	11/17/92

