



INDEPENDENT FISCAL OFFICE

February 19, 2019

The Honorable Kevin J. Boyle, Chairman
House State Government Committee
Pennsylvania House of Representatives
226 Irvis Office Building
Harrisburg, PA 17120

Re: Requested Actuarial Note for House Bill 60, Printer's Number 64, Amendment A00067

Dear Representative Boyle:

I am writing in response to your request of February 14, 2019 concerning an actuarial note for House Bill 60, Printer's Number 64, as amended by Amendment A00067. The bill would amend the State Employees' Retirement Code (71 Pa.C.S.) by removing new employees of the Susquehanna River Basin Commission (SRBC) from the definition of "state employee." New SRBC employees who do not have credited service in either the State Employees' Retirement System (SERS) or the Public School Employees' Retirement System (PSERS) would not be eligible to become members of SERS, and they would not be eligible for public pension benefits. New or rehired SRBC employees with prior credited service in either SERS or PSERS would not accrue additional service credit under the legislation.

Amendment A00067 would put conditions on the effective date of the legislation. Immediately effective would be a requirement for the Governor to transmit notice of the retirement benefit eligibility changes to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin. After publication of the changes the rest of the act would become effective.

The SRBC was established by the Susquehanna River Basin Compact, which was signed into law in 1970. The compact was adopted by the U.S. Congress and the legislatures of New York, Pennsylvania and Maryland to manage the water resources of the Susquehanna River Basin. The headquarters of the SRBC are located in Harrisburg, PA, and a field office is located in Sayre, PA. Under 71 Pa.C.S. § 5102, employees of the SRBC are explicitly included under the definition of "state employee." According to SERS, there are currently 65 employees of the Susquehanna River Basin Commission who are active, contributing members of the system as of 2017.

Under section 615-B of the Administrative Code of 1929, the Independent Fiscal Office (IFO) has the responsibility to review legislative changes that may affect public employee pension or retirement plans and to provide actuarial notes for such legislation. The IFO has reviewed the provisions of House Bill 60, Printer's

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Number 64, as amended by Amendment A00067 and determined that because the legislation would affect only a small number of future members, the resulting actuarial cost impact upon SERS would be de minimis. Based on that determination, House Bill 60, Printer's Number 64, as amended by Amendment A00067 will not require an actuarial note prior to consideration by the General Assembly. The office reviewed the legislation for actuarial cost impact, but it has not reviewed its provisions for legal or policy implications.

I trust this letter adequately responds to your request. If I can provide further assistance, please feel free to contact me at (717) 230-8293.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel". The signature is written in a cursive style with a large, stylized initial "M".

Matthew J. Knittel

Director, Independent Fiscal Office

cc: Governor Tom Wolf
Members of the General Assembly