



INDEPENDENT FISCAL OFFICE

February 19, 2019

The Honorable Matthew D. Bradford, Chairman
House Appropriations Committee
Pennsylvania House of Representatives
512E Main Capitol Building
Harrisburg, PA 17120

Re: Requested Actuarial Note for House Bill 60, Printer's Number 64, Amendment A00075

Dear Representative Bradford:

I am writing in response to your request of February 19, 2019 concerning an actuarial note for House Bill 60, Printer's Number 64, as amended by Amendment A00075. 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." The legislation would take effect immediately upon enactment, and would apply to employees whose most recent date of hire is on or after the effective date of the act. 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 A00075 would further amend the State Employees' Retirement Code as it pertains to the SRBC. The proposed language would set forth the requirement for the SRBC to pay the unfunded liability portion, as actuarially-determined and approved by the SERS board, to the retirement system for current and/or former employees that would otherwise not be made. The retirement board would set the amounts and manner for the payments over a not less than ten-year period beginning with the first fiscal year starting after the annual valuation immediately after the effective date. With the immediate effective date contained within the proposed legislation, payments would begin in Fiscal Year 2020-2021.

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

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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 Number 64, as amended by Amendment A00075 and determined that because the legislation would affect only a small number of current and 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 A00075 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,



Matthew J. Knittel

Director, Independent Fiscal Office

cc: Governor Tom Wolf
Members of the General Assembly