



INDEPENDENT FISCAL OFFICE

February 21, 2019

The Honorable Stanley E. Saylor, Chairman
House Appropriations Committee
Pennsylvania House of Representatives
245 Main Capitol Building
Harrisburg, PA 17120

Re: Requested Actuarial Note for House Bill 60, Printer's Number 565

Dear Representative Saylor:

I am writing in response to your request of February 20, 2019 concerning an actuarial note for House Bill 60, Printer's Number 565. The bill would amend the State Employees' Retirement Code (71 Pa.C.S.) by removing new employees of the Susquehanna River Basin Commission (SRBC) and the Interstate Commission of the Delaware River Basin 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 Pennsylvania employees of these commissions 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. The bill also provides additional clarification for the new definition of "state employee" under the proposed legislation which would take effect immediately.

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.

The Delaware River Basin Commission (DRBC) was established by the Delaware River Basin Compact, which was signed into law in 1961. The compact was adopted by the U.S. Congress and the legislatures of Delaware, New Jersey, Pennsylvania, and New York to manage the water resources of the Delaware River.

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The DRBC also manages the Southeast Pennsylvania Ground Water Protected Area program in Montgomery, Berks, Bucks, Chester, and Lehigh Counties. The headquarters of the DRBC are located in West Trenton, NJ. According to the 2017 Comprehensive Financial Report from SERS, the DRBC is not listed as an active participating employer/agency.

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 565 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 565 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