



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1962

PRINTERS NO. 2896

PRIME SPONSOR: Keefer

### COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
Public School Employees' Retirement Fund	\$0	See fiscal impact
State Employees' Retirement Fund	\$0	See fiscal impact

**SUMMARY:** House Bill 1962, printer's number 2896, amends Title 24 (Education) and Title 71 (State Government) of the Pennsylvania Consolidated Statutes to provide for annual stress testing of the Public School Employees' Retirement System (PSERS) and State Employees' Retirement System (SERS).

The effective date is 60 days after enactment.

**ANALYSIS:** The bill adds sections to Title 24 (Public School Employees' Retirement Code) and Title 71 (State Employees' Retirement Code) to require both the PSERS Board and the SERS Board to engage actuaries to conduct annual stress tests of their systems. The stress tests shall include a scenario analysis, simulation analysis and sensitivity analysis. PSERS is required to have their actuary begin stress testing for fiscal years beginning after June 30, 2020, and SERS is required to have their actuary begin stress testing for calendar years beginning after December 31, 2019. The board shall submit the results of the annual stress test to the Governor, the General Assembly, and the Independent Fiscal Office (IFO) no later than January 1 of each year for PSERS and July 1 for SERS. The IFO shall produce a report summarizing the results of the stress tests, including a calculation of the ratio of projected employer contributions to projected State revenues by March 1 of each year for PSERS and September 1 for SERS.

**FISCAL IMPACT:** The enactment of this legislation will have no significant adverse impact on Commonwealth funds. Actuary contract costs may increase over time to complete the additional analyses (scenario, simulation, and sensitivity) required as part of the annual stress testing required by the bill.

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House Appropriations Committee (R)

**DATE:** June 24, 2020

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*