

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 997

PRINTER NO. 1465

AMOUNT

See Fiscal Impact

FUND

State Employees' Retirement Fund

DATE INTRODUCED

January 24, 2020

PRIME SPONSOR

Senator Stefano

DESCRIPTION

Senate Bill 997 amends the State Employees' Retirement Code with regard to State Police officers purchase of non-intervening military service.

The legislation provides State Police officers hired between January 1, 2019, and the effective date of the legislation 90 days to elect whether to have non-intervening military service purchased while a State Police officer apply toward the calculation of retirement benefits under the binding arbitration award, known as the DiLauro Award, or in addition to any benefits they are eligible to receive under the DiLauro Award.

The legislation also provides for future State Police officers, who purchase non-intervening military service while a State Police officer, to have the non-intervening military service apply toward the calculation of retirement benefits under the DiLauro Award.

The legislation is scheduled to take effect immediately.

FISCAL IMPACT:

The provisions of Senate Bill 997 would impact 115 active members of the State Police cadet classes that have been enrolled since January 1, 2019, and all future State Police officers who have non-intervening military service.

While the member purchasing the non-intervening military time would pay both the employee and employer share of costs, the current repayment methodology set forth by statute does not take into account the enhanced benefit provisions provided enforcement officers through the DiLauro Award. For example, the costs/charges are based upon 2% annual benefit accrual rate, a high 3-year average salary and superannuation at age 60 or 65. The DiLauro Award provisions, which are applicable to a very high percentage of the officers purchasing service, include a 3% annual benefit accrual rate, a high 1-year average salary and expected superannuation after 20 or 25 years of service.

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Based on information provided by the Independent Fiscal Office in its letter dated March 9, 2020, the legislation will have an initial increase in SERS' accrued liability of approximately \$4 million due to elections to purchase non-intervening service during the 90 days following the effective date of the legislation. The legislation would also permanently increase the annual normal cost applicable to Act 5 State Police officers by approximately 0.07% of total SERS payroll in 20 to 25 years when the complement of State Police officers is comprised of largely Act 5 members.