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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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MEMORANDUM

TO: All Members of the House of Representatives
FROM: Representative Steve Santarsiero
DATE: April 28, 2011
SUBJECT: Co-sponsorship of Legislation – Pension Commission

In the near future, I plan to introduce legislation that will establish the Public Employee Pension Commission. This commission will study the current funding gap with regards to both the Public School Employees' Retirement System (PSERS) and the State Employees' Retirement System (SERS), and make recommendations to the General Assembly to ensure the long-term fiscal solvency of both.

To be sure, the financial health of PSERS and SERS is important to every Pennsylvanian, and has a tremendous impact on the budget and overall fiscal well-being of this Commonwealth, as well as school districts across the state. As you are aware, both PSERS and SERS are confronting employer rate spikes within the next few years, and have already certified higher employer contribution rates for 2011-2012. Recent predictions indicate that the employer contribution rate will rise dramatically, reaching a high of 33.60 percent in 2015 for PSERS and 29.2 percent in 2013 for SERS. Moreover, this rate is expected to remain above 20 percent over the next two decades for both pension systems.

There are a number of factors that have led to the present crisis including the current economic downturn and years of artificially low employer contribution rates. With this in mind, there is no easy solution with regards to the current financial obligations of the Commonwealth's retirement systems, but swift action must be taken.

My legislation will require the formation of a 10 member commission, comprised of individuals from the legislature, governor appointees, chairpersons of the respective retirement systems, and others possessing a keen understanding of the complexities involved in current pension obligations. This commission will complete a study and provide an analysis to both the General Assembly and the governor. This analysis should provide recommendations to assist in mitigating current and impending rate spikes, as well as provide long-term suggestions to ensure fiscal solvency in the future. The commission will meet at least twice monthly within six months to complete its and review and provide recommendations.

If you would like to co-sponsor this important piece of legislation, please contact Kaitlin Mull in my Harrisburg office at 717-787-5475 or kmull@pahouse.net.