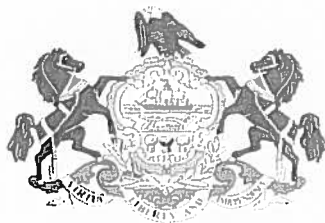


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## House of Representatives

Commonwealth of Pennsylvania  
Harrisburg

COMMITTEES  
Education  
Human Services  
Insurance  
PA Community Bank  
Operational Committee  
Urban Affairs- Secretary

CAUCUSES  
East Central Republican  
Liberty  
Pennsylvania Animal Protection  
Property Tax

### MEMORANDUM

**DATE:** November 17, 2011  
**TO:** All House Members  
**FROM:** Representative Justin Simmons   
131<sup>st</sup> Legislative District  
**SUBJECT:** Co-Sponsorship – 50% of year-end surplus to pay down pension liabilities

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There is a significant current unfunded accrued liability with the Commonwealth's two State pension funds: The State Employees' Retirement System (SERS) and the Public School Employees' Retirement System (PSERS).

In the near future, I will introduce legislation that will mandate 50% of the year-end surplus to be transferred to SERS and PSERS to begin paying down the current large unfunded accrued liabilities.

The latest actuarial valuations show the following current actuarial unfunded accrued liabilities:  
SERS = \$9,735,648,534 (as of 12/31/11 valuation), and  
PSERS = \$19,699,000,000 (as of 6/30/10 valuation, reported in December 2010).

While the Federal Economic Stimulus Act prevented any surplus from being transferred to the Budget Stabilization Reserve Fund or other reserve fund in the last two fiscal years, it is time to utilize year-end surpluses to pay down known Commonwealth liabilities like the unfunded accrued liabilities of the state pension funds.

On June 30, 2011, the non-appropriated General Fund surplus was \$1,072,824,000. If 50% of this surplus were mandated to be transferred to the pension funds in proportion to the unfunded liabilities of the pension systems, \$177,015,960 would have been transferred to the State Employees' Retirement Fund and \$359,396,040 would have been transferred to the Public School Employees' Retirement Fund. These amounts may seem small in comparison to the total unfunded accrued liabilities of the pension systems but it is a big step in the right direction to start paying down the Commonwealth's debt run up by the previous administration.

Please join me in my efforts to pay down known Commonwealth liabilities, which will improve Pennsylvania's overall tax climate. If you are interested in co-sponsoring this legislation, please contact my secretary, Lori McCauslin by calling: 783-1673 or by e-mailing: [lmccausl@pahousegop.com](mailto:lmccausl@pahousegop.com).