
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1366

Session of
1981

INTRODUCED BY KOWALYSHYN, RYBAK, ZWIKL, JOHNSON, WAMBACH,
HALUSKA AND STEWART, MAY 4, 1981

REFERRED TO COMMITTEE ON STATE GOVERNMENT, MAY 4, 1981

AN ACT

1 Creating the Public Pension Review Commission and imposing
2 powers and duties on the commission and certain other
3 agencies of State Government.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the "Public
8 Pension Review Commission Act."

9 Section 2. Legislative findings and intent.

10 (a) Findings.--The General Assembly finds and declares as
11 follows:

12 (1) The State Employees' Retirement System costs
13 taxpayers hundreds of millions of dollars annually.

14 (2) A Pennsylvania Economy League study found the Public
15 School Employees' Retirement System has enormous unfunded
16 liability and the same study indicated that the high cost of
17 Commonwealth retirement systems results partially from
18 the General Assembly's failure to develop and enforce a

1 policy governing retirement of public employees and its failure
2 to examine proposed pension changes for long-range costs.

3 (3) The Department of Community Affairs has investigated
4 local government pension funds pursuant to the act of
5 December 6, 1972 (P.L.1383, No.293) and has found
6 considerable serious and growing unfunded liabilities in
7 local government pension funds.

8 (4) The General Assembly has passed legislation creating
9 three independent Statewide pension systems pursuant to:

10 (i) Act of February 1, 1974 (P.L.34, No.15), known
11 as the "Pennsylvania Municipal Retirement Law."

12 (ii) 71 Pa.C.S. Part XXV, known as the "State
13 Employees' Retirement Code."

14 (iii) 24 Pa.C.S. Part IV, known as the "Public
15 School Employee's Retirement Code"

16 all of which shall serve as the foundation for further study
17 and implementation of actuarially sound public employee pension
18 systems.

19 (5) Various states have established commissions to
20 continuously monitor and recommend reforms for public
21 employee pension systems.

22 (6) Public employee pension policy is of vital concern
23 to both the executive and legislative branches of State
24 Government.

25 (b) Intent.--It is the intent of the General Assembly in
26 establishing the Public Employee Retirement Study Commission to
27 provide an ongoing mechanism to monitor public employee pension
28 plans and assure their actuarial viability by review of proposed
29 changes and reforms in the plans and to review relevant
30 statutes.

1 Section 3. Definitions.

2 The following words and phrases shall have the meanings given
3 to them in this section unless the context clearly indicates
4 otherwise:

5 "Actuarially sound plan." A plan operated under supervision
6 of an actuary and which is being funded annually at a level not
7 lower than the normal cost of the plan plus amortization of the
8 unfunded accrued liability within an established period of time
9 after the effective date of the act creating the system.

10 "Commission." The Public Employee Retirement Study
11 Commission created pursuant to this act.

12 "Public Employee Pension Plan." Any of the following:

13 (1) State Employees' Retirement System created pursuant
14 to 71 Pa.C.S. Part XXV.

15 (2) Public School Employees' Retirement System created
16 pursuant to 24 Pa.C.S. Part IV.

17 (3) Municipal Retirement System created pursuant to the
18 act of February 1, 1974 (P.L.34, No.15).

19 (4) Any other independent pension plan for public
20 officers and employees in the Commonwealth.

21 (5) Pension plans created pursuant to the act of June
22 23, 1931 (P.L.932, No.317), known as "The Third Class City
23 Code."

24 (6) Pension plans created pursuant to the act of May 29,
25 1956 (1955 P.L.1804, No.600), referred to as the Municipal
26 Police Pension Law.

27 Section 4. Public Pension Review

28 Commission created.

29 There is hereby created the Public Pension Review Commission
30 to review legislation affecting public employee pension plans

1 and to study on a continuing basis public employee pension and
2 retirement policy as implemented at both the State and local
3 level, the interrelationships of the several systems, and their
4 actuarial soundness and cost.

5 Section 5. Commission membership.

6 (a) Legislative members.--

7 (1) The President pro tempore of the Senate, after
8 consultation with the Senate Minority Leader, shall appoint
9 two members of the Senate, one from the majority and one from
10 the minority, to serve on the commission.

11 (2) The Speaker of the House of Representatives, after
12 consultation with the House Minority Leader, shall appoint
13 two members of the House, one from the majority and one from
14 the minority, to serve on the commission.

15 (3) The legislative members of the commission shall
16 serve on the commission for the duration of the terms for
17 which they were elected.

18 (b) Gubernatorial appointments.--

19 (1) The Governor shall appoint five additional members
20 to the commission with the advice and consent of a majority
21 of the Senate pursuant to the procedure established in
22 section 207.1, act of April 9, 1929 (P.L.177, No.175), known
23 as "The Administrative Code of 1929."

24 (2) The members appointed by the Governor shall be
25 representatives from the general public, none of whom is an
26 active or retired member of a public employee pension plan
27 but who shall have knowledge in the area of pension policy.

28 (3) The members of the commission appointed by the
29 Governor shall serve terms of six years, except those members
30 initially selected, one of whom shall serve for two years,

one of whom shall serve for three years, one for four years,
one for five years and one for six years.

(d) Vacancies.--Vacancies in office shall be filled by the
appointing authority for the balance of the unexpired term.

(e) Organization.--The commission shall meet within 60 days
of its establishment for the purpose of organizing and selecting
officers who shall be chosen from its membership. Thereafter,
the commission shall meet as necessary at the call of the
commission chairman.

Section 6. Powers and duties.

The commission shall have the following powers and duties:

(1) To study and evaluate on a continuing basis all
aspects of public employee pension plans.

(2) To analyze any bill relating to public employee
pension plans and issue actuarial notes pursuant to section
7.

(3) To cooperate with the several State and municipal
retirement and pension boards on matters of mutual concern.

(4) To adopt bylaws for the conduct of its official
business.

(5) To monitor and evaluate periodically all the laws
and regulations which relate to public employee pension plans
in the Commonwealth.

(6) To review plans for actuarial soundness.

(7) To establish a data bank and update continually.

(8) To submit annual public reports to the Insurance
Committees of the House of Representatives and the Senate and
to the retirement systems.

(9) To establish principles of retirement
administration.

(10) To study the relationship of retirement policy to other respects of public personnel policy.

(11) To recommend change in the process of legislative consideration of pensions.

Section 7. Actuarial notes.

(a) Note required for bills.--No bill, joint resolution, or simple or concurrent resolution proposing any change relative to a public employee pension plan shall be given second consideration in either House of the General Assembly, until the commission has attached an actuarial note which shall include a reliable estimate of the cost and actuarial effect of the proposed change in any such retirement system.

(b) Note required for amendments.--No amendment to any bill or resolution, concerning any public employee pension plan shall be considered by the General Assembly until an actuarial note has been attached.

(c) Preparation of note.--The commission shall prepare an actuarial note which shall include a reliable estimate of the financial and actuarial effect of the proposed change in any such retirement system. The actuarial note shall be attached to the original copy of the bill or resolution before it is given second consideration by either House of the General Assembly.

(d) Contents of note.--The actuarial note shall be factual, and shall, if possible, provide a reliable estimate of both the immediate cost and effect of the bill and, if determinable or reasonably foreseeable, the long-range actuarial cost and effect of the measure.

Section 8. Staff.

The commission shall be staffed by employees of the Department of Community Affairs, the Pennsylvania Municipal

1 Retirement System, the Public School Employees' Retirement
2 System, and the State Employees' Retirement System appointed by
3 the secretaries of the departments and the systems after joint
4 consultation.

5 Section 9. Rules and regulations.

6 (a) Promulgation.--The commission, after consultation with
7 representatives of the Pennsylvania Municipal Retirement Board,
8 the Public School Employees' Retirement System and the State
9 Employees' Retirement System, shall promulgate such rules and
10 regulations as are necessary for the implementation of this act.

11 (b) Submission to the General Assembly.--The commission
12 shall submit the promulgated rules and regulations to the
13 General Assembly. Both Houses of the General Assembly shall
14 approve or disapprove the rules and regulations by concurrent
15 resolution within 60 calendar days. Failure of both Houses to
16 take action on the rules and regulations within 60 days shall be
17 considered approval of such rules and regulations. The rules and
18 regulations shall be effective upon the date of approval.

19 Section 10. Review of commission activities.

20 (a) Joint review.--If no other statute requires agencies of
21 the Commonwealth to undergo a periodic review of their
22 activities, the Public Pension Review Commission shall, each
23 five years after its establishment, undergo a joint review of
24 its usefulness by the Insurance Committees of the House of
25 Representatives and the Senate. The committees shall report
26 their findings to the General Assembly.

27 (b) Periodic review.--If another statute requires the
28 periodic review of agencies of the Commonwealth, the Public
29 Pension Review Commission shall be subject to that statute.

30 Section 11. Effective date.

1 This act shall take effect immediately.