

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1995 Session of 2019

INTRODUCED BY RYAN, BERNSTINE, BROOKS, ECKER, GLEIM, HERSHEY, KAUFFMAN, LEWIS, MACKENZIE, B. MILLER, STAATS, ROTHMAN AND JONES, OCTOBER 25, 2019

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JULY 7, 2020

AN ACT

1 Establishing the Keystone Solvency Operating Study Commission
2 and providing for its powers and duties and for a report.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Keystone
7 Solvency Operating Study Commission Act.

8 Section 2. Legislative intent.

9 The intent of this act is to provide insight into financial
10 risks relative to unfunded pension liabilities, other
11 postemployment benefit unfunded liabilities, deferred public
12 sector infrastructure projects to include deferred maintenance,
13 municipal solvency concerns, school district solvency concerns,
14 debt service solvency risks of the Commonwealth, financial
15 stress testing of the Commonwealth's cash flow projections and
16 current comprehensive annual financial reports under various
17 economic scenarios and other financial risks that may come

1 before the Keystone Solvency Operating Study Commission and
2 provide financial analysis of other states considered
3 financially vulnerable.

4 Section 3. Definitions.

5 The following words and phrases when used in this act shall
6 have the meanings given to them in this section unless the
7 context clearly indicates otherwise:

8 "Commission." The Keystone Solvency Operating Study
9 Commission established under section 4.

10 "Commonwealth." The Commonwealth of Pennsylvania.

11 "Critical risk factor." Any element of risk of sufficient
12 magnitude which, if not dealt with, may negatively affect the
13 ability of the Commonwealth to continue to meet financial
14 obligations.

15 "PROMESA." The Puerto Rico Oversight, Management, and
16 Economic Stability Act (Public Law 114-187, 130 Stat. 549).
17 Section 4. Keystone Solvency Operating Study Commission.

18 (a) Establishment.--The Keystone Solvency Operating Study
19 Commission is established as a legislative commission for the
20 purpose of analyzing the economic conditions of the
21 Commonwealth, specifically unfunded obligations of school
22 districts, municipalities and public pension plans. The
23 commission shall consider unfunded postemployment benefits of
24 the Commonwealth to determine the impact on operations of other
25 financial commitments during periods of economic recession. The
26 study shall ensure that the priority of financial claims is
27 understood within the framework of the Constitution of
28 Pennsylvania. The commission shall be comprised of the following
29 members:

30 (1) One member appointed by the Governor.

1 ~~(2) Two members appointed by the President pro tempore <--~~
2 ~~of the Senate, one from the majority party and one from the~~
3 ~~minority party.~~

4 ~~(3) Two members appointed by the Speaker of the House of~~
5 ~~Representatives, one from the majority party and one from the~~
6 ~~minority party.~~

7 (2) ONE MEMBER APPOINTED BY THE PRESIDENT PRO TEMPORE OF <--
8 THE SENATE.

9 (3) ONE MEMBER APPOINTED BY THE MINORITY LEADER OF THE
10 SENATE.

11 (4) ONE MEMBER APPOINTED BY THE SPEAKER OF THE HOUSE OF
12 REPRESENTATIVES.

13 (5) ONE MEMBER APPOINTED BY THE MINORITY LEADER OF THE
14 HOUSE OF REPRESENTATIVES.

15 (b) Duties.--The commission shall:

16 (1) Analyze the financial insolvencies under PROMESA and
17 solvency concerns of other states to determine if the
18 Commonwealth can become bankrupt or insolvent and to
19 determine lessons learned on the impact that insolvency
20 proceedings may have on the Commonwealth's ability to meet
21 its financial obligations in annual operating budgets.

22 (2) Assess how insolvency proceedings may affect the
23 Commonwealth's ability to meet its obligations to make
24 employer contributions to the Public School Employees'
25 Retirement System under 24 Pa.C.S. § 8326 (relating to
26 contributions by the Commonwealth) and to the State
27 Employees' Retirement System under 71 Pa.C.S. § 5507
28 (relating to contributions to the system by the Commonwealth
29 and other employers), including employer contributions
30 necessary to pay each system's respective unfunded actuarial

1 accrued liability.

2 (3) Assess how insolvency proceedings may affect the
3 ability of the State Employees' Retirement System and the
4 Public School Employees' Retirement System to pay benefits to
5 annuitants and beneficiaries.

6 (4) In consultation with the Independent Fiscal Office,
7 develop cash flow projections for the immediate five years
8 following the effective date of this section. The projections
9 shall include best case, expected case and worst-case
10 scenarios to be defined by the Independent Fiscal Office in
11 the creation of the projections.

12 (5) Determine critical risk factors of importance to the
13 Commonwealth for financial well-being and other control
14 measures to monitor the associated risk factors.

15 (6) Develop performance metrics for use by the
16 Independent Fiscal Office to monitor the critical risk
17 factors identified with the measures published in the
18 quarterly economic updates from the Independent Fiscal
19 Office.

20 (c) Quorum.--A majority of appointed members shall
21 constitute a quorum for the purpose of conducting business.

22 (d) Chairperson and vice chairperson.--The members shall
23 select one of the members to be chairperson and another member
24 to be vice chairperson.

25 (e) Qualified vote.--A vote on the findings and
26 recommendations to the General Assembly under section 5 shall
27 require two-thirds of the members voting in the affirmative.

28 (f) Compensation and reimbursement.--Members of the
29 commission shall not receive compensation or reimbursement for
30 their services on the commission.

1 (g) Information gathering.--The commission may conduct
2 hearings and otherwise gather pertinent information and analysis
3 that the commission considers appropriate and necessary to
4 fulfill its duties.

5 (h) Support.--The General Assembly shall provide
6 administrative support, meeting space and any other assistance
7 required by the commission to carry out the commission's duties
8 under this act.

9 (i) Transparency and ethics.--The commission shall be
10 subject to the following laws:

11 (1) 65 Pa.C.S. Ch. 7 (relating to open meetings).

12 (2) The act of February 14, 2008 (P.L.6, No.3), known as
13 the Right-to-Know Law. The commission shall be considered a
14 legislative agency as defined in section 102 of the Right-to-
15 Know Law.

16 Section 5. Report and expiration.

17 (a) Report.--The commission shall report its findings and
18 recommendations to the Governor and the General Assembly within
19 six months of its first organizational meeting. The report shall
20 be directly submitted to:

21 (1) The President pro tempore of the Senate.

22 (2) The Majority Leader of the Senate.

23 (3) The Minority Leader of the Senate.

24 (4) The chair and minority chair of the Finance
25 Committee of the Senate.

26 (5) The chair and minority chair of the State Government
27 Committee of the Senate.

28 (6) The chair and minority chair of the Appropriations
29 Committee of the Senate.

30 (7) The Speaker of the House of Representatives.

1 (8) The Majority Leader of the House of Representatives.

2 (9) The Minority Leader of the House of Representatives.

3 (10) The chair and minority chair of the Finance
4 Committee of the House of Representatives.

5 (11) The chair and minority chair of the State
6 Government Committee of the House of Representatives.

7 (12) The chair and minority chair of the Appropriations
8 Committee of the House of Representatives.

9 (b) Expiration.--The commission shall expire 60 days after
10 delivery of its report under subsection (a).

11 Section 6. Effective date.

12 This act shall take effect in 30 days.