

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2608 Session of 2018

INTRODUCED BY RYAN, BERNSTINE, CHARLTON, COX, DUSH, GROVE,  
 PHILLIPS-HILL, JOZWIAK, KAUFFMAN, KEEFER, NELSON, ROTHMAN,  
 WARD AND ZIMMERMAN, SEPTEMBER 10, 2018

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 10, 2018

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,  
 2 as amended, "An act relating to the finances of the State  
 3 government; providing for cancer control, prevention and  
 4 research, for ambulatory surgical center data collection, for  
 5 the Joint Underwriting Association, for entertainment  
 6 business financial management firms, for private dam  
 7 financial assurance and for reinstatement of item vetoes;  
 8 providing for the settlement, assessment, collection, and  
 9 lien of taxes, bonus, and all other accounts due the  
 10 Commonwealth, the collection and recovery of fees and other  
 11 money or property due or belonging to the Commonwealth, or  
 12 any agency thereof, including escheated property and the  
 13 proceeds of its sale, the custody and disbursement or other  
 14 disposition of funds and securities belonging to or in the  
 15 possession of the Commonwealth, and the settlement of claims  
 16 against the Commonwealth, the resettlement of accounts and  
 17 appeals to the courts, refunds of moneys erroneously paid to  
 18 the Commonwealth, auditing the accounts of the Commonwealth  
 19 and all agencies thereof, of all public officers collecting  
 20 moneys payable to the Commonwealth, or any agency thereof,  
 21 and all receipts of appropriations from the Commonwealth,  
 22 authorizing the Commonwealth to issue tax anticipation notes  
 23 to defray current expenses, implementing the provisions of  
 24 section 7(a) of Article VIII of the Constitution of  
 25 Pennsylvania authorizing and restricting the incurring of  
 26 certain debt and imposing penalties; affecting every  
 27 department, board, commission, and officer of the State  
 28 government, every political subdivision of the State, and  
 29 certain officers of such subdivisions, every person,  
 30 association, and corporation required to pay, assess, or  
 31 collect taxes, or to make returns or reports under the laws  
 32 imposing taxes for State purposes, or to pay license fees or  
 33 other moneys to the Commonwealth, or any agency thereof,

1 every State depository and every debtor or creditor of the  
2 Commonwealth," in additional special funds, providing for  
3 Unfunded Liability Solvency Reserve Fund.

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

6 Section 1. Article XVII-A.1 of the act of April 9, 1929  
7 (P.L.343, No.176), known as The Fiscal Code, is amended by  
8 adding a subarticle to read:

9 SUBARTICLE G

10 UNFUNDED LIABILITY SOLVENCY RESERVE FUND

11 Section 1761-A.1. Definitions.

12 The following words and phrases when used in this subarticle  
13 shall have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Public retirement funds." The State Employees' Retirement  
16 Fund and the Public School Employees' Retirement Fund.

17 "Public School Employees' Retirement Fund." The fund  
18 established under 24 Pa.C.S. Pt. IV (relating to retirement for  
19 school employees).

20 "Solvency Reserve Fund." The Unfunded Liability Solvency  
21 Reserve Fund established under section 1762-A.1.

22 "State Employees' Retirement Fund." The fund established  
23 under 71 Pa.C.S. Pt. XXV (relating to retirement for State  
24 employees and officers).

25 Section 1762-A.1. Unfunded Liability Solvency Reserve Fund.

26 (a) Establishment.--There is established within the State  
27 Treasury a special fund to be known as the Unfunded Liability  
28 Solvency Reserve Fund.

29 (b) Deposits.--The following shall be deposited in the  
30 Solvency Reserve Fund:

31 (1) If the Secretary of the Budget certifies that there

1 is a surplus in the General Fund for a specific fiscal year,  
2 any amount of the surplus which is not deposited in the  
3 Budget Stabilization Reserve Fund under section 1702-A(b). A  
4 deposit under this paragraph shall be deposited by the end of  
5 the next succeeding quarter into the Solvency Reserve Fund.

6 (2) Any amount appropriated to the Solvency Reserve Fund  
7 by the General Assembly.

8 (3) Any amount transferred to the Solvency Reserve Fund  
9 by law.

10 (c) Appropriations.--Money in the Solvency Reserve Fund  
11 shall only be appropriated to the Public School Employees'  
12 Retirement Fund and to the State Employees' Retirement Fund in  
13 accordance with subsections (d), (e), (f) and (g).

14 (d) Restrictions on appropriations.--Money in the Solvency  
15 Reserve Fund shall be appropriated for the following purposes:

16 (1) To make an additional contribution to the Public  
17 School Employees' Retirement Fund in excess of the  
18 actuarially required contribution for the fiscal year.

19 (2) To make an additional contribution to the State  
20 Employees' Retirement Fund in excess of the actuarially  
21 required contribution for the fiscal year.

22 (e) Treatment of transfers.--Amounts transferred to the  
23 Public School Employees' Retirement Fund and the State  
24 Employees' Retirement Fund must be in addition to required  
25 annual employer contributions required by 24 Pa.C.S. §§ 8326  
26 (relating to contributions by the Commonwealth) and 8327  
27 (relating to payments by employers) and 71 Pa.C.S. § 5507  
28 (relating to contributions to the system by the Commonwealth and  
29 other employers) and may not be used to replace any portion of  
30 the annual employer contributions certified by the boards under

1 24 Pa.C.S. § 8328 (relating to actuarial cost method) and 71  
2 Pa.C.S. §§ 5507, 5508 (relating to actuarial cost method) and  
3 5902(k) (relating to administrative duties of the board). The  
4 Public School Employees' Retirement Board and the State  
5 Employees' Retirement Board shall accept the transferred funds  
6 and apply the funds to offset the current unfunded actuarial  
7 accrued liabilities of the pension funds.

8 (f) Certifications.--On July 1, 2019, and each July 1 of  
9 each subsequent year, the Secretary of the Budget shall certify  
10 the following:

11 (1) The total unfunded actuarial accrued liabilities of  
12 the Public School Employees' Retirement Fund.

13 (2) The total unfunded actuarial accrued liabilities of  
14 the State Employees' Retirement Fund as determined by the  
15 State Employees' Retirement board in the most recent  
16 actuarial valuation of the State Employees' Retirement  
17 system.

18 (g) Amounts.--The following shall apply:

19 (1) For the 2019-2020 fiscal year and each subsequent  
20 fiscal year, the following amounts are appropriated from the  
21 Solvency Reserve Fund to the Public School Employees'  
22 Retirement Fund:

23 (i) The total amount in the Solvency Reserve Fund as  
24 of the first day of the fiscal year, multiplied by a  
25 quotient, the numerator of which is the amount certified  
26 under subsection (f)(1) and the denominator of which is  
27 the the total amount certified under subsection (f).

28 (ii) (Reserved).

29 (2) For the 2019-2020 fiscal year and each subsequent  
30 fiscal year, the following amounts are appropriated from the

1 Solvency Reserve Fund to the State Employees' Retirement

2 Fund:

3 (i) The total amount in the Solvency Reserve Fund as  
4 of the first day of the fiscal year, multiplied by a  
5 quotient, the numerator of which is the amount certified  
6 under subsection (f)(2) and the denominator of which is  
7 the total amount certified under subsection (f).

8 (ii) (Reserved).

9 (h) Recognition of amounts appropriated from the Solvency

10 Reserve Fund.--Amounts received by the State Employees'

11 Retirement Fund under this subarticle shall be recognized by the

12 State Employees' Retirement board as part of the experience

13 adjustment factor under 71 Pa.C.S. § 5508(f) as a percentage of

14 all the active members and active participants.

15 Section 2. This act shall take effect in 120 days.