THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 88
Session of
2013

INTRODUCED BY MILNE, GINGRICH, BAKER, D. COSTA, HESS, O'NEILL, STEPHENS, MILLARD, PETRI, MARSICO, CALTAGIRONE, MURT AND LAWRENCE, FEBRUARY 11, 2013

REFERRED TO COMMITEE ON STATE GOVERNMENT, FEBRUARY 11, 2013

A RESOLUTION

1 Directing the Public Employee Retirement Commission, in
2   conjunction with the Public School Employees' Retirement
3   System and the State Employees' Retirement System, to conduct
4   a comprehensive study of the respective State-sponsored
5   pension systems.

6   WHEREAS, The Public School Employees' Retirement System

7 (PSERS) and the State Employees' Retirement System (SERS) are

8 responsible for administering pensions for current and retired

9 public school employees and State employees; and

10   WHEREAS, Reports from PSERS and SERS indicate that, while the

11 actions taken by the General Assembly in recent years have

12 decreased obligations for future employees, PSERS and SERS have

13 a combined $44.233 billion in debt; and

14   WHEREAS, The unfunded liability within PSERS is expected to

15 reach 25% of total employer payroll costs within the next 15 to

16 20 years; and

17   WHEREAS, SERS's unfunded liability was $14.7 billion as of

18 December 31, 2011; and

19   WHEREAS, PSERS and SERS attribute this debt to employer-based

1 contributions that do not meet normal costs, investment losses,

2 benefit increases without increased funding streams and funding

3 changes to extend time to pay down liabilities; and

4   WHEREAS, As a result of this debt, employer contributions,

5 which are made by the Commonwealth and its school districts, are

6 expected to dramatically increase in the coming years; and

7   WHEREAS, The PSERS total employer contribution rate is

8 expected to reach 30.97% in ten years; and

9   WHEREAS, The SERS total employer contribution rate is

10 expected to reach 31.92% in the next five years; and

11   WHEREAS, The respective contribution rates for PSERS for

12 fiscal year 2013-2014 is 16.93% and SERS is 16%; therefore be it

13   RESOLVED, That the House of Representatives direct the Public

14 Employee Retirement Commission (PERC), in conjunction with the

15 Public School Employees' Retirement System (PSERS) and the State

16 Employees' Retirement System (SERS), to conduct a comprehensive

17 study of the respective State-sponsored pension systems; and be

18 it further

19   RESOLVED, That the study detail the impact a switch to a

20 defined contribution plan, hybrid plan or cash balance plan

21 would have on PSERS and SERS for future State and public school

22 employees; and be it further

23   RESOLVED, That PERC examine legislative action in other

24 states that addresses pension-funding issues and determine the

25 feasibility and impact these measures would have in this

26 Commonwealth; and be it further

27   RESOLVED, That PERC examine the average pension disbursal to

28 both State and public school retirees and compare it to average

29 retirement compensation private-sector employees typically

30 received; and be it further

1   RESOLVED, That PERC identify strategies that provide for the

2   transition of at least some portion or all of the current State

3   and public school employees to a defined contribution plan,

4   hybrid plan and cash balance plan; and be it further

5   RESOLVED, That PERC include any legal ramifications a change

6   impacting the retirement compensation of current employees might

7   have on the Commonwealth; and be it further

8   RESOLVED, That PERC, in conjunction with PSERS and SERS,

9   provide recommendations necessary or desirable to decrease the

10   unfunded liabilities within PSERS and SERS and lessening

11   necessary employer contribution rates; and be it further

12   RESOLVED, That PERC report to the House of Representatives

13   the result of its studies and recommendations and file the

14   report with the Chief Clerk of the House of Representatives not

15   later than June 30, 2013.