



INDEPENDENT FISCAL OFFICE

January 11, 2022

The Honorable Seth M. Grove
Chairman
House State Government Committee
7 East Wing
Harrisburg, PA 17120

Re: Requested Actuarial Note for House Bill 2010, Printer's Number 2310

Dear Chairman Grove:

This letter responds to your request of December 29, 2021 concerning an actuarial note for House Bill 2010, Printer's Number 2310. The bill would amend Title 20 (Decedents, Estates and Fiduciaries) of the Pennsylvania Consolidated Statutes to update training requirements for fiduciaries of public pension systems and State funds. The bill defines public pension systems to include the Public School Employees' Retirement System (PSERS), State Employees' Retirement System (SERS), the Pennsylvania Municipal Retirement System (PMRS) and any pension plan maintained by a municipality or a county. A State fund is defined as a fund or account in the State Treasury under the care, custody or control of a Commonwealth agency. Individuals appointed or elected to a qualified position after the effective date shall be required to complete two hours of training in fiduciary law within one year of the date of appointment, and one hour annually each year thereafter. For those appointed prior to the effective date of the law, the initial two-hour requirement is not applicable. The legislation is effective immediately upon enactment.

The bill allows for the payment of reasonably incurred legal expenses of a trustee, board member or other appointed or elected official while defending a threatened, pending or completed legal action in the individual's capacity as a trustee, board member or other qualified position. These payments would be prohibited if a court of competent jurisdiction finds that the individual's conduct constituted a criminal offense, willful misconduct or self-dealing. The proposed legislation also limits compensation for designees of board members or trustees to no more than \$5,000 annually.

Under section 615-B of the Administrative Code of 1929, the Independent Fiscal Office (IFO) has the responsibility to review legislative changes that may affect public employee pension or retirement plans and to provide actuarial notes for such legislation. The IFO reviewed House Bill 2010, Printer's Number 2310 and determined that there would not be a material cost impact. The office reviewed the legislation for actuarial cost impact, but it has not reviewed the provisions for legal, administrative or policy implications.

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I trust this letter adequately responds to your request. If I may provide further assistance, please contact me at (717) 230-8293.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel". The signature is written in a cursive style with a large initial 'M' and 'K'.

Matthew J. Knittel
Director, Independent Fiscal Office

cc: Governor Tom Wolf
Members of the General Assembly