



COMMONWEALTH OF PENNSYLVANIA  
PUBLIC EMPLOYEE RETIREMENT COMMISSION  
P. O. BOX 1429, HARRISBURG, PA 17105-1429

June 25, 2015

The Honorable Jake Corman  
Majority Floor Leader  
Senate of Pennsylvania  
350 Main Capitol Building  
Harrisburg, PA 17120

Re: House Bill Number 239, Printer's Number 1887

Dear Senator Corman:

I am writing with regard to the above referenced bill. House Bill Number 239, Printer's Number 1887, would amend the act of August 31, 1971, P. L. 398, No. 96, known as the County Pension Law (Act 96 of 1971), to clarify that cost-of-living adjustments, if given to retired county employees, would not need to be calculated retroactively to the date of the previous cost-of-living increase and would not need to apply the cost-of-living index change for each year since the previous cost-of-living increase. Further, the bill would clarify the definition of "cost-of-living index" and make any cost-of-living adjustment effective January 1<sup>st</sup> of the calendar year following the year in which the adjustment is approved.

Under the Public Employee Retirement Commission Act (Act 66 of 1981), the Commission has a mandated responsibility to review any legislative changes that affect public employee retirement systems. At my direction, the Commission staff has reviewed the provisions of House Bill Number 239, Printer's Number 1887, and determined that: 1) on February 25, 2015, the Commission voted to attach an actuarial note to [Senate Bill Number 129, Printer's Number 265](#); 2) the Commission's actuarial note on Senate Bill Number 129, Printer's Number 265, applies to House Bill Number 239, Printer's Number 1887; and 3) House Bill Number 239, Printer's Number 1887, will have no additional actuarial cost impact beyond that described in the Commission's actuarial note on Senate Bill Number 129, Printer's Number 265.

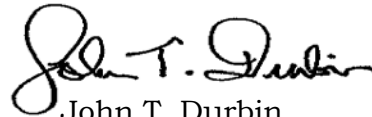
Based upon the determination that House Bill Number 239, Printer's Number 1887, will have no actuarial cost impact beyond that described in the Commission's actuarial note on Senate Bill Number 129, Printer's Number 265, I am informing you, on behalf of the Commission, that the bill will not require an actuarial note prior to further consideration by the General Assembly.

The Honorable Jake Corman  
June 25, 2015

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If I may be of any further assistance, please feel free to contact me by telephoning (717) 783-6100.

Sincerely,

A handwritten signature in black ink that reads "John T. Durbin". The signature is written in a cursive style with a large initial "J" and a distinct "D".

John T. Durbin  
Chairman

Enclosure

cc: The Honorable Joseph B. Scarnati, III  
The Honorable Jay Costa, Jr.  
The Honorable John R. Gordner  
The Honorable Anthony H. Williams  
The Honorable Robert B. Mensch  
The Honorable Wayne D. Fontana  
The Honorable Patrick M. Browne  
The Honorable Vincent J. Hughes  
The Honorable John H. Eichelberger  
The Honorable John P. Blake  
The Honorable Scott R. Wagner  
The Honorable Keith J. Greiner  
Ms. Megan Consedine  
Mr. C.J. Hafner  
Ms. Stacey Connors  
Mr. Gregory K. Jordan

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 239 Session of  
2015

INTRODUCED BY GREINER, TOPPER, GROVE, GINGRICH, MURT, WHEELAND,  
A. HARRIS, EVERETT, KAUFFMAN, PYLE, GOODMAN, HELM, DIAMOND,  
ZIMMERMAN, HICKERNELL, MOUL, PHILLIPS-HILL, NESBIT, RADER,  
SAINATO, HEFFLEY AND KORTZ, JANUARY 28, 2015

SENATOR EICHELBERGER, FINANCE, IN SENATE, AS AMENDED,  
JUNE 24, 2015

AN ACT

1 Amending the act of August 31, 1971 (P.L.398, No.96), entitled  
2 "An act providing for the creation, maintenance and operation  
3 of a county employes' retirement system, and imposing certain  
4 charges on counties and providing penalties," further  
5 providing for definitions and for supplemental benefits.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Section 2 of the act of August 31, 1971 (P.L.398,  
9 No.96), known as the County Pension Law, is amended by adding a  
10 definition to read:

11 Section 2. Definitions.--As used in this act:

12 \* \* \*

13 (5.1) "Cost-of-living index" means the PERCENTAGE CHANGE IN <--  
14 THE Consumer Price Index for All Urban Consumers (CPI-U) for the  
15 Pennsylvania, New Jersey, Delaware and Maryland area FOR THE 12- <--  
16 MONTH PERIOD ENDING SEPTEMBER 30 FOR THE YEAR IN WHICH THE  
17 ADJUSTMENT IS REVIEWED.

1 \* \* \*

2 Section 2. Section 30(b) of the act, amended July 18, 1986  
3 (P.L.1410, No.126), is amended to read:

4 Section 30. Supplemental Benefits.--\* \* \*

5 (b) (1) The cost-of-living increase shall be reviewed at  
6 least once in every three years by the board which may adjust  
7 the current monthly benefit by the percentages in accordance  
8 with cost-of-living index at the time of review[.], provided  
9 that the adjustment need not be calculated retroactively to the  
10 date of the previous cost-of-living increase approved by the  
11 board under this section and need not apply the cost-of-living  
12 index change for each year since the previous cost-of-living  
13 increase. ANY ADJUSTMENT APPROVED UNDER THIS PARAGRAPH SHALL <--  
14 BECOME EFFECTIVE JANUARY 1 OF THE CALENDAR YEAR FOLLOWING THE  
15 YEAR IN WHICH THE ADJUSTMENT IS APPROVED.

16 (2) Before approving any cost-of-living adjustment, the  
17 board shall have an actuarial note prepared regarding the  
18 proposed adjustment. A cost-of-living adjustment shall only be  
19 provided if the county retirement system calculates a funded  
20 ratio based upon an entry age normal methodology of eighty per  
21 cent or higher after the actuarial cost of the adjustment is  
22 determined. Any county retirement system that utilizes an  
23 accounting method that does not determine a funded ratio based  
24 upon an entry age normal methodology shall, each year, use an  
25 entry age normal actuarial cost methodology to calculate a  
26 funded ratio in order to determine if the fund meets the eighty  
27 per cent or higher funding level. The funding level calculation  
28 shall be reported to the Public Employee Retirement Commission  
29 in conjunction with established reporting requirements.

30 Section 3. This act shall take effect in 60 days.